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ST. LAWRENCE RIVER

HEARING

BEFORE

THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE HOUSE OF REPRESENTATIVES

SEVENTY-THIRD CONGRESS

FIRST SESSION

ON

H.J.Res. 157

JOINT RESOLUTION PROVIDING FOR THE USE OF THE WATER OF THE ST. LAWRENCE RIVER FOR THE GENERATION OF POWER BY THE STATE OF NEW YORK UNDER AND IN ACCORDANCE WITH THE PROVISIONS OF THE GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY BETWEEN THE UNITED STATES AND CANADA

APRIL 20, 1933

Printed for the use of the
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ST. LAWRENCE RIVER

THURSDAY, APRIL 20, 1933

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The committee met at 10 a.m., Hon. Sam Rayburn (chairman) presiding.

The CHAIRMAN. The committee will come to order.

The hearing this morning is on H.J.Res. 157.

(The resolution referred to is as follows:)

[H.J.Res. 157, Seventy-third Congress, First Session]

JOINT RESOLUTION Providing for the use of the water of the Saint Lawrence River for the generation of power by the State of New York under and in accordance with the provisions of the Great Lakes-Saint Lawrence Deep Waterway Treaty between the United States and Canada

Whereas the Great Lakes-Saint Lawrence Deep Waterway Treaty between the United States and Canada, signed at Washington, July 18, 1932, has been favorably reported by the Committee on Foreign Relations and is now before the Senate of the United States for ratification; and

Whereas the treaty provides for the improvement of navigation from the interior of the continent of North America through the Great Lakes and the Saint Lawrence River to the sea, with the development of the waterpower incidental thereto; and

Whereas it is desirable that, prior to the ratification of said treaty, there should be a definite allocation of the power to be developed on the United States side of the international rapids section of the Saint Lawrence River and a determination of the division of the cost of the works in that section for navigation and power; and

Whereas the State of New York, recognizing the superior rights and authority of the Federal Government with respect to navigation, has presented substantial claims to the power to be developed by the flow of the water of the Saint Lawrence River within its boundaries and, by act of its legislature, has created the Power Authority of the State of New York as a corporate, municipal instrumentality charged with the development and control of the power for the benefit of domestic and rural consumers through distribution at the lowest possible rates; and

Whereas the Committee on Foreign Relations, in reporting the treaty to the Senate, has recommended that the State of New York should be accorded the power upon the payment of so much of the total cost of the improvement therein as is justly allocatable to power development; and

Whereas the United States engineers and the Power Authority of the State of New York have, as a result of a series of conferences, entered into a joint recommendation with respect to the allocation of cost of the works in the international rapids section of the Saint Lawrence River for power and navigation, which is embodied in a memorandum dated February 7, 1933: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the prior use of all the waters of the Saint Lawrence River within the boundaries of the United States is necessary for the proper regulation of commerce and the improvement of navigation; and be it further

Resolved, That in the event of the ratification of the Great Lakes-Saint Lawrence Deep Waterway Treaty and the construction of the works provided therein, the Power Authority of the State of New York, as the accredited agency of the State

and in accordance with the policy set forth in the act creating said Power Authority, shall be entitled to use for the generation of hydroelectric power all of the United States' share of the flow of the water in the international rapids section of the Saint Lawrence River, subject to the prior use of such water under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, together with the lands upon which they are situated, in consideration of the payment of its share of the cost as determined in the joint memorandum above referred to: *Provided*, That no part of the United States' share of the water in the international rapids section of the Saint Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

The CHAIRMAN. Mr. Manly, I believe that you spoke to me about this matter. You may conduct the hearing so far as calling the proponents of this bill are concerned.

I will say this, however, that I am looking for Mr. Snell over sometime during the hearing, and as he is the minority leader and a very busy man, whoever is talking I will ask to suspend when he comes in in order to give him his time.

We have under consideration House Resolution 157 introduced by Mr. McReynolds. It was introduced by Mr. McReynolds for the reason that those who had to do with it thought that in all probability it would be referred to the Committee on Foreign Affairs, but the jurisdiction of this committee is very clear, so it was referred to this committee.

STATEMENT OF DELOS M. COSGROVE, VICE CHAIRMAN; LELAND OLDS, ASSISTANT TO THE CHAIRMAN; AND BASIL MANLY, WASHINGTON REPRESENTATIVE OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

Mr. MANLY. I think that the most orderly method of procedure will be for the vice chairman, Mr. Delos M. Cosgrove, to make a brief opening statement.

Mr. COSGROVE. The trustees of the Power Authority of the State of New York have met in Washington in special session to cooperate with this committee in the prompt consideration of the joint resolution now before you.

This resolution represents a complete accord between the Federal Government and the power authority of the State of New York on the allocation of the cost of works to be built in the State under the St. Lawrence Treaty.

It gives effect to a joint recommendation of the power authority and a board of engineers of the War Department, dated February 7, 1933, by which $89,726,000 of the cost of works in the international rapids section of the St. Lawrence, will be assumed by the Power Authority of the State of New York.

This will reduce the United States half of the cost of works in this section of the river, forming the boundary between the Province of Ontario and the State of New York, from $137,371,000 to $47,645,000, a reduction of 65 percent.

For the entire St. Lawrence project as a whole, including both the power development and a 27-foot channel for navigation from Duluth to the Atlantic Ocean, the allocation of this cost to the State will

reduce expenditures for which the Federal Government will be responsible to about $24,000,000 a year for the 7-year period of construction. Since these figures are based on unit cost estimates as of 1926, when prices were at their peak, both the Federal and State costs may be reduced by substantial savings if contracts are let promptly for construction of the works.

The recommendation of February 7, 1933, made by the Power Authority and the United States engineers, to which effect is given by the joint resolution, was agreed upon during the last administration after nearly two years of correspondence, conferences, and negotiations between the Federal and State authorities.

All the elements which entered into it were carefully considered at the hearings on the treaty before the subcommittee of the Senate Committee on Foreign Relations. The late Senator Thomas J. Walsh took the initiative in arranging the final conferences that led to this accord. It was presented and analyzed in detail at public hearings of the Foreign Relations Committee. Senator Walsh wrote the report adopted by the committee recommending the allocation of the water power to be developed under the treaty within the boundaries of New York to the State, upon the State assuming a fair share of the costs of construction.

The joint resolution provides that upon assumption of its share of the cost of the works, the Power Authority of the State of New York shall be entitled to use one half of the normal flow in the international rapids section, or the United States' share of the flowage under the treaty, for the generation of hydroelectric power.

The right of the State to make use of the power as a public project through the agency of the Power Authority, as created by the legislature, is safeguarded by a proviso in the joint resolution declaring—

> That no part of the United States' share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

The joint resolution for the first time fixed Federal costs under the treaty and establishes the right of the State to develop power sites located within her own boundaries.

Private corporations have repeatedly sought Federal and State licenses to develop the water power on the St. Lawrence during the last quarter of a century. Beginning with Governor Hughes a conservation policy to preserve public control of these resources was developed. In 1926, Governor Smith blocked a license sought by one of the powerful combinations for private exploitation of the State's power sites.

The State's policy culminated in 1931 when Governor Roosevelt obtained the passage of a bill, by unanimous vote of both branches of the legislature, declaring title to the power should never be alienated to any private interest. This act created the power authority, directing it to cooperate with the Federal Government and with Canada for early development of the St. Lawrence, and authorized it to develop the water power "for the benefit of rural and domestic consumers", providing electricity "at the lowest possible rates."

The State of New York has conceded the superior right and authority of the Federal Government with respect to navigation on the St.

Lawrence. The joint resolution specifically provides that the waters to be used by the State for the generation of hydroelectric power shall be "subject to the prior use of such waters under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks."

The water power has thus far been preserved for public use by State, rather than Federal action. For 25 years under Governors Hughes, Smith, Roosevelt, and other chief executives, and by acts of her legislature, the State of New York has zealously safeguarded the power resources on the St. Lawrence against private exploitation.

In chapter 772 of the laws of New York, approved by Governor Roosevelt, April 27, 1931, and unanimously adopted by both branches of the legislature, the State set up the power authority as a "corporate, municipal instrumentality of the State," charging it with the development and control of St. Lawrence power for the benefit of domestic and rural consumers through distribution of hydroelectric energy at the lowest possible rates. The power authority is "a body corporate and politic, a political subdivision of the State, exercising governmental and public powers, perpetual in duration and capable of suing and being sued."

The statute provides that the natural resources of the St. Lawrence River available—

> For the creation and development of hydroelectric power * * * shall always remain inalienable to, and ownership, possession, and control thereof shall always be vested in, the people of the State.

The adoption of the joint resolution will greatly reduce Federal costs and afford the United States the same advantage now held by Canada in determining the capital expenditure and defining a policy for development of the water power, in advance of the ratification of the treaty. The Dominion Government has already reached an agreement with the Province of Ontario, authorizing the hydro commission of the Province to conduct the power project on the Canadian side of the river upon assumption of a share of the costs.

The joint resolution allocates the costs on a basis which will permit the Power Authority of New York to compete on an equal footing with the Hydro Commission of Ontario. It will make available 720,000 firm horsepower of electricity to rural and domestic consumers and to American industry in the most populous section of the country, with a developed market.

During the past 20 years many important American industries have been induced to locate plants in Canada because of the almost unlimited supply of cheap hydroelectric power available there.

Foremost among these is the Aluminum Co. of America which built a huge plant and power development in the Province of Quebec.

This migration of American industries has caused great economic loss to the United States. It has involved the transfer of millions of dollars of American capital to Canada, loss of employment to thousands of American working men, and shrinkage of the American market for food and other products.

The opposition of the Province of Quebec to the development of the St. Lawrence River within the State of New York is frankly based upon a desire that this movement of American industry to Canada shall continue.

In addressing the Quebec Legislature on January 13, 1932, Premier Taschereau said:

> The pressing need of the United States is for power. Do you think we are ever going to get industrial development in the Province of Quebec by permitting the United States what she needs now for the development of her own industries? I have seen many captains of industry, so-called, and they all tell me the same thing; keep your hydro power at home, and you will have American capital going into your province for the development of industries and your province will profit and progress.

The same viewpoint was expressed by Hon. C. E. Gault, Conservative leader in the Quebec Parliament, as quoted by the Toronto Star, February 2, 1932, as follows:

> And how can we expect to keep on drawing industries from the United States if we join them in a development which would give them a million horsepower?

The entire Nation is interested in preventing further migration of industries to any foreign country. It inevitably results in loss of taxes to the Federal Government, loss of employment to American workers and loss of markets for the products of our farms. The people of every State are vitally concerned in halting this outflow of American wealth and industry.

The agreement entered into on February 7, 1933, between engineers of the War Department and representatives of the Power Authority of the State of New York, avoids any possible legal conflict between the State and the Federal Government as to the ownership of the undeveloped resources of the St. Lawrence. The accord is based upon practical considerations and principles of equity rather than upon legal technicalities.

The major poiuts involved in the agreement were outlined before the Senate subcommittee in its hearings on the St. Lawrence Deep Waterway Treaty on December 14, 1932, by Assistant Secretary of State James Grafton Rogers. Mr. Rogers was in charge of the negotiations of the treaty with Canada and conducted the State Department's conferences with the State authorities during the last administration. He said (p. 969, hearings):

> * * * I feel that the power developed can be most wisely turned over to whatever agency the State of New York provides for the purpose of developing it as a publid holding and distribution agency. * * *
>
> In the first place, this is a very large block of power. There is here a million one hundred thousand incidental horsepower on the American side, which looms as a very substantial contribution to the power available in the northern industrial area in the United States. * * *
>
> In the second place, New York has asserted for a long time definite legal claims to this power. I am not going to attempt to pass upon those claims. My own judgment is that the power of the United States over the development of the St. Lawrence River is predominant. But we need not settle the issue or get into difficulties about it, if there is a sound business solution of it, and I think there is in the direction I have suggested.
>
> In the third place, New York has a clearly developed policy and a technical organization which has been developed as a result of numerous political pronouncements and several legislative acts in the State of New York, which show a pretty well settled opinion and public attitude there, and it seems to me that that is entitled to consideration at the hands of the Government. * * *

The joint resolution is directly in line with the declared policy of the Federal Government that States and municipalities shall be granted preference in connection with the development and operation of water-power sites over which the Federal Government asserts control under the commerce clause of the Constitution.

This policy was embodied in the Federal Water Power Act of 1920 and has repeatedly received congressional approval in legislation applying to particular water-power projects.

Examination of the congressional debates indicates that no serious opposition has ever been offered on the floor of either House to the granting of such preference to States and municipalities.

Under the treaty two dams will be erected, the upper dam at Crysler Island and the lower dam at Barnhart Island. At each dam there will be two power houses, one on each side of the international boundary. The installed capacity of the power houses to be erected at these dams in the State of New York will be 1,100,000 horsepower. From one half the normal unregulated flow of the river the New York power houses will generate about 710,000 primary horsepower, available substantially all the time, and 390,000 secondary horsepower, available a large part of the time. This means that the St. Lawrence power project is comparable in magnitude to Muscle Shoals and Boulder Dam.

It is the only large, undeveloped natural resource available for power generation in the northeastern section of the United States, the most highly industralized and densely populated section of the country.

The adoption of the joint resolution utilizes the public agency provided by a sovereign State for the disposition of the power to be developed in that State. It will perpetually safeguard the public rights in the St. Lawrence River and provide an abundant supply of hydroelectric energy at the lowest possible cost for the benefit of rural and domestic consumers.

The CHAIRMAN. Does anyone desire to ask any questions?

Mr. MANLY. Mr. Snell has come in, Mr. Chairman.

The CHAIRMAN. Then we will hear Mr. Snell.

STATEMENT OF HON. BERTRAND H. SNELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. SNELL. Mr. Chairman and gentlemen of the committee, I feel, after the most excellent and exhaustive report that has just been given by the member of our power commission in the State of New York, that any man ought to apologize for taking any further time of this committee, but I simply want to make a very brief statement.

I want to state in the beginning that individually I am in favor of the ratification of the treaty in the Senate, between the Federal Government and the Canadian Government. I am also interested because this development is a part of the Thirty-first Congressional District of New York State, which I represent.

But, further than that, I just want to make a brief statement as a citizen of the State of New York. I have been familiar with this section my entire lifetime. I know that there has been a serious controversy, a serious controversial question, as the gentleman from New York has explained, all these last years, relative to the rights of the State of New York and the rights of the Federal Government, in the international rapids of the St. Lawrence River, but through the untiring energy of the engineers of the Federal Government, the engineers of our State, the State Department of the Federal Government, the power authority of our State, they have finally

come to an amicable agreement as to the relative rights of the State and the Federal Government in this water power.

This agreement was first arrived at under a Republican administration, approved by a Republican President. It was further ratified and approved by a Democratic administration and a Democratic President. It has also been approved and ratified to a certain extent by two or three separate Governors of the State of New York.

Now, I feel at this time when we have a matter that is of such vital importance to the people of our State and also to the people of the entire eastern section of the United States, when the two controversial parties have reached an agreement that seems to be equitable and fair to all parties, that it is incumbent upon the Congress of the United States to ratify and nail down the agreement while everyone is in agreement, and if I understand properly this resolution, the only thing it does, it simply defines and allocates the rights of the State of New York in this development when and if completed.

I do not see that it goes any further, and it is of vital importance to every citizen of our State. As the gentleman from New York, Mr. Cosgrove, has set up in his wonderful argument, the power authority represents the people of the State of New York. That is a defined policy of our State.

We had, for a great many years, a very serious controversy among the political parties of our State, in arriving at the setting up of this power authority, and finally, by unanimous agreement among all parties, we have arrived at that and given this power authority the proper rights and authority to represent the people of our State.

They have made this agreement with the representative of the Federal Government, and, as far as I know, no man, anywhere has criticised the agreement in itself, or has said in a single way that it is not a fair and just adjudication of the whole proposition, and it——

Mr. PARKER. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Just a moment.

And I think it is incumbent upon this committee to report out and have it adopted by the Federal Congress as soon as possible, because it at least does away with one serious controversy.

Mr. PARKER. Will the gentleman yield?

Mr. SNELL. Gladly.

Mr. PARKER. Does the gentleman realize that the next Congress can change this?

Mr. SNELL. I appreciate that the next Congress can change any law that this Congress or any other Congress has enacted.

Now, that is all I desire to state. I simply want to say that as a citizen of the State, I feel we are entitled to this and I am very anxious to have it approved by the Congress at this time.

I thank you.

The CHAIRMAN. Thank you very much, Mr. Snell.

Mr. MANLY. I think it would be well at this time for General Pillsbury, Assistant to the Chief of Engineers, to make a statement with regard to this joint report to Congress. It is a joint recommendation and no more.

STATEMENT OF BRIG. GEN. GEORGE B. PILLSBURY, ASSISTANT TO THE CHIEF OF ENGINEERS, CORPS OF ENGINEERS, UNITED STATES ARMY

General PILLSBURY. The original of the paper prepared, a copy of which I have here, is on file with the Senate Committee of Foreign Affairs. I have here a copy of the recommendation that was reached between the engineers of the United States and the representatives of the Power Authority of the State of New York, who conferred, at the request of the late Senator Walsh of Montana, and with the assent of our State Department, to arrive at an equitable figure as to the cost that the State of New York should pay in the development of the international section of the St. Lawrence, because of the utilization of the power from that development.

I can hand this copy to you.

The CHAIRMAN. I think it would be very well for you to read it, because we hope to dispose of this matter before the hearings are printed.

General PILLSBURY. I will read it.

The Engineers of the United States and representatives of the Power Authority of the State of New York have conferred and recommend that the costs for which the United States is responsible in connection with the development of the international rapids section of the St. Lawrence River, as set forth in the estimates of the final report of the Joint Board of Engineers (reconvened), dated April 9, 1932, be divided between the United States and the State of New York as follows:

1. The United States to assume responsibility for the cost of all works for navigation.

2. New York to assume $23,500,000 as its share of the cost of the works designated under division C of the report as "Works common to navigation and power": *Provided*, That if the actual cost of construction of such common works be less than the cost estimated in the above report, the amount for which New York is liable under this division will be reduced by its proportionate share of such savings.

3. New York to assume responsibility for $29,295,500 as the estimated cost of its power-house substructures, head and tail race excavations, etc., as set forth in division B, items I (a) and II (a): *Provided*, That if the actual cost of construction of such works be less than the cost estimated in the above report, the amount for which New York is liable under this division will be reduced by the amount of the savings.

It is understood that New York may elect to defer certain works under this division not essential to navigation, in which event New York will be responsible to the United States only for that part of the costs covering the works actually constructed, and subject to the same conditions as to savings set forth in the preceding paragraph.

4. New York to assume responsibility for the actual cost of its power-house superstructures and equipment, estimated under division B, items I (b) and II (b) of the above report at $36,930,500, and may elect to construct any or all of these works through its own agencies.

If during the progress of the work, the United States, at the request of the State of New York, undertakes to construct any portion of the items mentioned in this paragraph, the same will be installed at actual cost.

5. In the event that the State of New York elects, the United States to assume responsibility for the construction of the works in their entirety at a cost to New York representing the sum of the costs above set forth, or a total of $89,725,000, provided, that if the actual cost be less than this amount, New York will receive the benefit of the said savings.

On the basis above set forth the estimated cost to the United States for works in the international rapids sections, to be paid from the Federal Treasury under the terms of the treaty, becomes $125,765,250.

The above recommendations are based upon the assumption that the State of New York shall have the right to utilize for power all the flow of the St. Lawrence River in the international rapids section allocated to the United States by the treaty, other than that required for navigation, together with title to the power works and the lands upon which they are situated and which may be necessary and convenient for their operation.

That is the agreement that was arrived at at the conferences between the engineers of my department and the engineers of the power authority.

The CHAIRMAN. Are there any questions that anyone desires to ask?

Mr. LEA. What was the total amount of the cost? The estimated amount?

General PILLSBURY. Of the works in the international section?

Mr. LEA. Yes; in that complete section.

General PILLSBURY. $274,742,000, of which Canada, under the terms of the treaty, assumes, under the estimated costs, $59,250,500.

Mr. LEA. I assume the United States is chargeable with the total cost, whatever it may be, whether above or below the estimates.

General PILLSBURY. Under the provisions of the treaty, the United States is to undertake to construct certain works for navigation directly and to furnish the funds necessary for the construction by a temporary commission, composed of 5 Canadians and 5 Americans, the joint works.

Mr. LEA. Part of that cost, of course, is for navigation and part for power purposes.

General PILLSBURY. Yes.

Mr. LEA. What is the total estimated cost for navigation purposes?

General PILLSBURY. The cost of the locks and canal, to be constructed by the United States under the terms of the treaty, for navigation, is estimated at $25,969,000.

The canals and locks to be executed by Canada, at the upper dam, have an estimated cost of $8,219,000.

Mr. LEA. That would be in addition to the amount that the United States pays for——

General PILLSBURY. The amount stated in the agreement, $125,795,250, is the gross amount, according to the estimates, of all expenditures for navigation, including dams, and the locks on the United States side of the boundary, to be paid for from the Federal Treasury under the terms of the treaty and the agreement with the Power Authority of New York.

Mr. LEA. That would be the completed river?

General PILLSBURY. The completed river.

Mr. LEA. Well, is the expense of Canada in addition to that $125,000,000, or a part of it?

General PILLSBURY. In addition to that, Canada would now bear the cost of works estimated at $59,250,500, and the New York Power Authority would bear the cost of works estimated at $89,726,250, bringing the grand total from the three agencies to $274,742,000.

Mr. LEA. Is that the total?

General PILLSBURY. That is the total cost of the improvement of the international section of the St. Lawrence River, for navigation and for power.

Mr. LEA. For all purposes?

General PILLSBURY. For all purposes.

Mr. LEA. And, if the actual cost should exceed that, I presume the Government would be responsible for it, proportionately.

General PILLSBURY. It would.

Mr. LEA. What is your judgment as to the probability of completing the works within the estimates?

General PILLSBURY. I feel assured that, unless there should be an extraordinary inflation of prices, the work can be completed within the estimates.

Mr. LEA. On what date are the estimates based?

General PILLSBURY. They were originally prepared in the period 1925 and 1926.

Mr. LEA. Does New York pay for anything except the improvement required for power purposes?

General PILLSBURY. Yes; it pays one half of the United States share of the cost of the dams and other works, such as the channel enlargement common to power and navigation.

Mr. LEA. Those dams are essential, I take it, from your statement, from the standpoint of navigation and power.

General PILLSBURY. Yes.

Mr. LEA. Are the dams in excess of what would be required for navigation purposes?

General PILLSBURY. No; the dams would be identically the same, whether they were for navigation or for power.

Mr. LEA. What does the cost to New York include outside of the strictly power purposes?

General PILLSBURY. They pay all of the costs of the works intended primarily for power. They pay one half of the United States share, which is one half of the total, making one quarter of the cost of all works common to navigation and power, including dams, channel enlargement, and flowage.

They pay no portion of the locks and canals intended solely for the benefit of navigation.

Mr. LEA. Does New York acquire the title to all of the power works paid for by it?

General PILLSBURY. Yes; under the terms of this resolution it acquires title to those works.

Mr. LEA. So part of the cost of construction is not a part of the cost of the canal for navigation purposes.

General PILLSBURY. I do not get you.

Mr. LEA. In other words, as I understand it, New York acquires the title to what she pays for, so far as power works are concerned.

General PILLSBURY. Yes.

Mr. LEA. And therefore that is not a gift to anybody. She receives all she pays for in that respect.

General PILLSBURY. Yes.

Mr. LEA. So that this contribution that New York makes to the Federal Government is what it contributes for the channel enlargement and the dams and the total amount of that is how much?

General PILLSBURY. It is estimated at $23,500,000.

Mr. LEA. I believe that is all.

Mr. PARKER. Mr. Chairman, may I ask a question?

The CHAIRMAN. Mr. Parker.

Mr. PARKER. General, do not the dams belong to the Federal Government?

General PILLSBURY. Under the terms of the treaty those portions of the dams which lie in American territory will belong to the Federal Government.

Mr. PARKER. Yes.

General PILLSBURY. And those portions which lie in the Canadian territory will belong to the Canadian Government.

Mr. PARKER. The power houses, built on the American shore, will belong to New York State.

General PILLSBURY. The State authority.

Mr. PARKER. Under the resolution.

General PILLSBURY. Yes.

Mr. PARKER. But, so far as the dams themselves are concerned, which New York builds, they will belong to the Federal Government?

General PILLSBURY. Absolutely.

Mr. PARKER. That is what I wanted to know. I thought you were not perfectly clear on that, Mr. Huddleston.

Mr. LEA. Is the distribution of the power limited to the State of New York, or may that power go to States outside of New York?

General PILLSBURY. Under the terms of this proposed joint resolution, the New York State Power Authority has the utilization of all of the power accruing on the New York side. I think there is nothing in the resolution that makes any reference to how the power shall be distributed by the power authority.

Mr. Cosgrove can undoubtedly advise you as to whether there is any restriction on the utilization.

Mr. COSGROVE. Mr. Chairman——

Mr. LEA. What is that limitation as to the purchase of power; how is that applied?

General PILLSBURY. That rests entirely with the New York Power Authority.

Mr. LEA. There is some limitation there with reference to private supply.

General PILLSBURY. The resolution provides that it grants to the State power authority the United States' share of the flow of water in the international section of the St. Lawrence and provides that—

> No part of the United States' share of the water of the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

I read from the report of the Joint Board of Engineers, 1926:

> On the United States side, a major diversion of water is made by the St. Lawrence River Power Co. through a power canal which leads from the river near the head of Long Sault Island (above the Long Sault Rapids) to the Grass River at Messina, where the power works are located. The water is discharged through the Grass River into the south channel of the St. Lawrence at Cornwall Island. With the enlargement that has been made in the Grass River Channel, the effective summer head at the power plant is a little more than 40 feet. The installed capacity at the power plant is reported at 86,000 horsepower.
>
> Under an order of the International Joint Commission, dated December 6, 1922, the diversion of Messina is limited to 25,000 cubic feet per second except when, in the opinion of the board of control constituted of two engineers, one appointed by each country, the diversion of a larger quantity will not injuriously affect navigation.

I am advised that no license of any description has been given by the Federal Government to the St. Lawrence River Power Co. for this diversion of water and that no valid claim will exist against the United States on account of that diversion because of the passage of this resolution.

Mr. LEA. Does the power development given to New York include the whole power that is to be developed on the American side?

General PILLSBURY. Yes.

Mr. LEA. And, what is the object of this last clause in the resolution that you read there; what is the purpose of it?

General PILLSBURY. I did not draft the resolution, Mr. Lea. I could not tell you that.

Mr. COOPER. Mr. Chairman, may I ask General Pillsbury one short question?

The CHAIRMAN. Yes.

Mr. COOPER. I am anxious to know how far you can transmit electric power over the wire. Supposing some other State wants to utilize this power, how far can you transmit it?

General PILLSBURY. I would very much prefer the New York Power Authority engineers to answer that question, Mr. Cooper. It is a matter of engineering judgment on which I am not especially informed.

Mr. PARKER. General, what was the total, you say, from Duluth clear through? What did you put the total cost at?

General PILLSBURY. The total estimated cost, according to the estimate of the Joint Board of Engineers, of the entire waterway from the Great Lakes to Montreal.

Mr. PARKER. I meant, right straight through from Duluth.

General PILLSBURY. Yes, that is from Duluth to Montreal, $543,000,000. That includes, however, work theretofore accomplished.

Mr. PARKER. What is the estimate of the new money to be put in? The cost to the Federal Government?

General PILLSBURY. The figure I gave you includes the money already expended.

Mr. PARKER. I meant, how much additional expense; what is the estimate of the additional expense?

General PILLSBURY. I will have to add several figures to get that. I do not have a note on it here.

We have here the statement, the new expenditure that the United States will put in, including the contribution made by the New York Power Authority, $257,992,000.

Mr. PARKER. And your memorandum said $158,000,000; the memorandum I have here. I wonder where that comes in.

Mr. COSGROVE. May I explain that that is after subtracting the $89,000,000 which the State of New York will pay. That is the net cost to the Federal Government, $168,000,000. The gross is $257,000,000, of which the State of New York pays $89,000,000.

Mr. MAPES. Mr. Chairman, may I ask a question?

The CHAIRMAN. Mr. Mapes.

Mr. MAPES. General Pillsbury, will you define the clause "international rapids section of the St. Lawrence River." How much of the total improvement does it include?

General PILLSBURY. That is the section of the St. Lawrence about 48 miles in length, extending from the rapids downstream from Ogdensburg to the foot of the border section of the St. Lawrence. It has a total fall of about 90 feet through a succession of rapids.

Mr. MAPES. About 48 miles?

General PILLSBURY. It is one of the major obstructions to navigation at the present time.

Mr. MAPES. I thought the statement of the Commissioner of the State of New York emphasized the rural end of this development of the hydroelectric power. Is that the purpose of the agreement, or is it because of the place that the river is located in the rural section that that point is emphasized? In other words, is it proposed to give the rural community preference over the city community in this purchase of this power?

General PILLSBURY. That is a matter for the New York Power Authority. The section of the St. Lawrence, extending as it does over a stretch of 48 miles of rapids, must be improved to afford through navigation, and the most feasible method for improvement is to construct the dams to convert the rapids into quiet pools, for navigation, and build locks around the dams, rather than building locks and canals for all of the 48 miles.

Now, the concentration flow of those dams produces enormous quantities of water power.

Under the terms of this joint resolution, that water power is to be developed by the Power Authority of the State of New York, and they have to pay one half of the United States' cost, which is one quarter of the whole of the common work for both navigation and power.

Mr. MAPES. Is it contemplated in the arrangement between the engineers and the State and Federal Government that there will be any privilege given one community over another, whether it be a rural or city?

General PILLSBURY. That is wholly a matter within the jurisdiction of the Power Authority of the State of New York.

Mr. MAPES. That is all.

The CHAIRMAN. We are very much obliged to you, General Pillsbury.

General PILLSBURY. Thank you.

The CHAIRMAN. Mr. Manly.

Mr. MANLY. This completes our presentation.

The CHAIRMAN. Mr. Farquharson, I believe you have something to say.

STATEMENT OF JAMES A. FARQUHARSON, EDITOR AND MANAGER OF OFFICIAL PUBLICATION, NATIONAL LEGISLATIVE REPRESENTATIVE, BROTHERHOOD OF RAILROAD TRAINMEN, WASHINGTON, D. C.

The CHAIRMAN. Give your name and whom you represent to the reporter.

Mr. FARQUHARSON. My name is James A. Farquharson, national legislative representative of the Brotherhood of Railroad Trainmen, and speaking for the 21 standard railroad labor organizations.

We appeared before the Senate committee in opposition to the treaty on the ground that the improving of additional waterways was not necessary at this time for the reason that the railway plant was sufficient to take care of the commerce of this country as well as of Canada, and that it would throw a great many of our men out of work.

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In addition to that, we feel that in view of the fact that the Great Lakes are not open to navigation for a period of more than 7 months in the year, that it will require the railroads to pull the idle equipment to take care of the business during the 5 months during which the Great Lakes are closed, and especially the lower end of the Great Lakes, and require those we represent to stand by as part-time workers, getting but 5 months' work a year, to handle this excess business.

Now, Mr. Chairman, as I said, we appeared before the Senate committee, and we would like to resubmit that statement. It is quite lengthy, and I think it is not necessary for me to read it.

There is here with me today, representing the railroad employees, Mr. George W. Laughlin, of the Brotherhood of Locomotive Engineers; Mr. Arthur J. Lovell, of the Brotherhood of Locomotive Firemen and Enginemen; Mr. W. D. Johnson, of the Order of Railway Conductors; Mr. A. F. Stout, of the Brotherhood of Maintenance of Way Employees; and Mr. Richard P. Dee, of the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees.

Mr. HUDDLESTON. Mr. Farquharson, may I ask you a question?

Mr. FARQUHARSON. Yes, Mr. Huddleston.

Mr. HUDDLESTON. Your objection goes to the ratification of the treaty?

Mr. FARQUHARSON. Yes, sir.

Mr. HUDDLESTON. If the treaty is to be ratified, have you any objection to this kind of an agreement being made?

Mr. FARQUHARSON. If the treaty is ratified, of course, we are just out. What has been accomplished by the ratification would do all of the harm to us.

Mr. HUDDLESTON. So that you have no objection to this particular method of disposing of the American water power rights.

Mr. FARQUHARSON. No, sir; not if the treaty is ratified.

The CHAIRMAN. We are very much obliged to you, Mr. Farquharson.

(The statement above referred to is as follows:)

STATEMENT BY D. B. ROBERTSON, FOR THE RAILWAY LABOR EXECUTIVES' ASSOCIATION, BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE ON THE ST. LAWRENCE WATERWAY PROJECT

I appear here as a representative of the Railway Labor Executives' Association, which is composed of the chief executives of the 21 standard railway labor organizations. The statement which I shall make represents the views of railway labor with respect to the pending St. Lawrence Waterway Treaty now under consideration by this committee.

First, I desire to read to the committee a short statement prepared by a special committee of the association, and approved by the association at a meeting held on November 16.

"*Members Railway Labor Executives' Association.*

"SIRS AND BROTHERS: Having been appointed as a committee to investigate and report upon the subject of the St. Lawrence Waterway Treaty now under investigation by the Senate Committee on Foreign Relations, we beg to submit the following for consideration:

"'For some time past the Railway Labor Executives' Association has shown considerable interest in the subject of unfair competition in the transportation industry, which included motor transportation service, pipe lines, and waterways. At a meeting of the association held at Washington, D. C., June 3, 4, 1932, the following action was taken with regard to expenditure of public funds for the purpose of improving waterways for transportation purposes:

"'Moved and seconded that this association go on record as opposed to the expenditure of public funds for the purpose of deepening waterways for transportation purposes, as ample facilities now exist to handle all the transportation and more than the Nation requires, and copy of this resolution be furnished William Green, president American Federation of Labor. Carried.'

"It was understood that the above action was not intended to interfere with the improvement of waterways in the interest of flood control, and in transmitting copy thereof to President Green of the American Federation of Labor, this point was made clear. The action of the association was acknowledged by President Green.

"In view of the policy already declared by the association, together with the fact that, in our opinion, present economic conditions and the status of the transportation industry of the Nation neither requires nor justifies any expenditure of public funds to create additional water transportation facilities, we recommend that for reasons, some of which are enumerated below, this association authorizes the chairman, in conjunction with the executive committee, to arrange for an early appearance before the Interstate and Foreign Commerce Committee of the House for the purpose of opposing, on behalf of this association and the railway employees represented thereby, the adoption of the St. Lawrence Waterway Treaty and the construction of the St. Lawrence shipway:

"1. Is not justified by economic necessity.

"2. Would adversely affect labor conditions in the railroad industry in the United States and Canada and would greatly increase unemployment.

"3. The present transportation plant and personnel is ample to handle the present and anticipated needs of the country for many years to come.

"4. Any alleged necessity for waterway transportation is illusory. The net results of waterway transportation projects thus far have been to increase the cost of Government and taxation upon the people.

"5. The construction of a St. Lawrence shipway would doubtless involve the United States and Canada in many international complications.

"6. The net result to railway employees of the construction of a St. Lawrence shipway would be to tax railway employees in order to subsidize an enterprise that would eventually eliminate them from railroad service.

"7. The construction of a St. Lawrence shipway would contribute toward the breaking down of our present rail transportation system and would nullify the efforts already made by the United States Government to protect our rail transportation system and the millions of its outstanding securities now held by insurance companies, financial institutions, and individual citizens.

"Respectfully submitted.

"D. B. ROBERTSON.
"C. J. MCGLOGAN.
"H. J. CHAPMAN."

Although this statement expresses the position of railway labor, the following additional remarks which might serve to clarify that position are respectfully submitted:

Testimony already presented to this committee, which has been given Nation-wide publicity, has in many respects stated the views of railway labor. It has been said, for example, that there exists no economic necessity for the waterway since the existing transportation facilities are far in excess of current needs and will be ample for many years to come. To this statement we fully subscribe. Car shortages are now a thing of the past, and are quite unlikely to recur at any time in the future. Surplus railway cars available for immediate use at the present time number approximately half a million, while about a quarter of a million additional cars, temporarily out of service, could quickly be made serviceable. At no time since the brief hectic period following the War has the demand for cars exceeded the available supply. Motive power likewise is and has for the past decade been more than adequate to care for the traffic offered for movement. In short, there is not now and there has not been since agitation for this St. Lawrence waterway started, any shortage in the facilities of the railroads to handle any and all the traffic to be moved.

At this point it seems appropriate to call attention to the fact that any original justification for the construction of a St. Lawrence deep waterway from a transportation standpoint was based on conditions that no longer exist. The International Joint Commission appointed by the Governments of the United States and Canada, which first studied and recommended the project in its report of 1921, stated that it would be valuable for the purpose of supplementing our inadequate railway facilities. At that time the railroads of the country had

just been returned to private ownership and control after their administration by the Government during the war. They were temporarily in need of large capital commitments for improving roadbed and structures and for additional facilities of all kinds. This condition passed, however, within a few years.

Let me mention another fact which, from our point of view, is vital to railway employees. Every ton of freight diverted from the railroads has its effect upon the job of some employee, and continued diversions result in the loss of jobs. In the United States and Canada at present there are many hundreds of thousands of unemployed railway workers, men trained by years of experience in the field of transportation. Most of these are idle because of the prevailing depression, it is true, but many are without jobs because of the loss of traffic to highways and waterways which are enjoying substantial subsidies from the Government. Just how many railroad men have lost their jobs because of the waterway-development program of the Federal Government it would be impossible to say, because of other conditions which also exist; but it can be said, without fear of successful contradiction, that the number is very large.

Railway employees do not wish to be understood as objecting to anything that constitutes a forward step or which contributes to the public generally. They have submitted without protest in the past to technological improvements in the science of railroading which resulted in a reduced need for man labor. For example, 1,167,000 employees in 1931 moved about the same ton-miles of freight as it took the equivalent of over 2,000,000 men to move in 1913. If railway employees thought that the creation of waterways at public expense made available a better transportation service or a less costly one, all items considered, they would not and could not with good grace complain. But they are convinced that waterway service is not better than rail service but is far inferior. They are also convinced that when all costs are taken into consideration this inferior service is more expensive than railroad service.

A curious anomaly enters this waterway picture which is often overlooked. I refer to the fact that railway employees who are fortunate enough to have jobs are being taxed for the facilities which are striking at the foundations of their livelihood. Every railway employee earning more than the amount exempted from income tax pays into the Federal Government a sum of money each year. In addition, he pays his share of the other Federal taxes which others are obliged to pay. A part of the money he contributes is used by the Government to develop and operate waterways. Many proponents of public developments dismiss the tax argument with the suggestion that most of those who benefit are not in the income-paying class, and that the burden of expense falls upon a relatively small group possessed of wealth. In other words, that it is an indirect way of redistributing wealth so that all the people may derive some of its benefits. We do not deny the force of this as a general proposition, nor that the theory under ordinary circumstances works out that way, although we all participate indirectly in Federal taxation through added living costs.

Here, however, is a different situation. Railway employees, as a group, pay substantial Federal taxes. A part of the taxes they pay are used by the Federal Government to subsidize a competing agency which, because of this subsidy, can transport goods for less than the railroads, and can, consequently, divert traffic from them. Railway employees depend for their jobs upon the traffic handled by the railways, and reductions in traffic volume mean reductions in forces or in rates of pay, or both. Thus the Government indirectly is using the taxes paid by railway employees to destroy them, which is a most unconscionable situation.

In addition to the taxes paid by employees, there are the taxes paid by the railway companies themselves and by the institutions and individuals who own their securities. These taxes likewise are being directed by the Government to a use which is detrimental to the railways. They are not being put to an economical use, for there is yet to be produced any proof that waterway transportation is better or cheaper than rail transportation, when all elements are weighed in the balance.

Now comes forward a proposal for further jeopardizing the railroads, their employees, and their investors. It is proposed by the treaty here under consideration to take more of the moneys paid by the taxpayers into the Federal Treasury and apply them toward a new competitor for the railroads, a new method for diverting traffic from the rails and cutting more employees from the railroad pay rolls; a method out of which they create no source of Federal income, but on the contrary further impair the ability of the American railroads to serve as a source of Federal taxation.

Testimony already in this committee's record indicates that, in spite of the fact that the proposed new St. Lawrence waterway would divert traffic from the rails, it would not result in any appreciable saving to shippers, particularly to shippers of agricultural commodities. It has been stated here that the rate on wheat now in effect via existing water routes from upper lake ports to Liverpool is 8 cents a bushel. The State Department in July of this year referred to an estimate made in 1926 that the waterway would result in a saving of 6 cents a bushel in transportation costs. At present the Montreal to Liverpool rate is 3½ cents a bushel. Obviously ocean carriers are not going to come inland as far as upper lake ports for wheat cargoes and charge less for the complete service then they now charge from the port to Montreal. I do not appear here as a rate expert equipped to discuss freight rates, but merely wish to urge the committee to scrutinize closely the claims made by the proponents of this waterway.

Permit me to state that the railway labor organizations view with growing impatience the expeditions of the Federal Government into the field of transportation. They fail to see any economic benefit to anyone except some favored shippers from these expeditions and see clearly a great detriment in them to themselves and to the taxpaying public generally. If it is the purpose of the Government to make seaports of the present lake ports, what is to prevent the cities up and down the Mississippi and other inland rivers later from demanding similar treatment? It seems to railway labor that until it is more clearly shown that water transportation is superior to rail transportation, both in quality and price, the Government should proceed slowly in sinking vast sums of public funds into the rivers of this country.

I have said tkat the benefits from waterways flow principally to a selected few who can take advantage of the service. On the Ohio River it is estimated that 95 percent of the traffic consists of the property of large corporations owning and operating their own facilities. On the New York Barge Canal a large part of the traffic consists of the products of large motor, oil and sugar corporations, some of whom own their own barge equipment. It is interesting to note in this connection that when one purchases a Detroit-made automobile in New York City he must pay f.o.b. Detroit price plus the rail freight rate to New York. The fact that the automobile might have moved into New York via water in the manufacturer's own vessel and by public right of way, without toll, does not result in any benefit to the New York purchaser. The manufacturer pockets the difference between the railroad rate and what it cost him to transport the car himself. I understand this is also true with respect to other commodities transported on the New York Canal and other waterways.

The railway labor organizations urge this committee to consider carefully the results which might flow from the ratification of this treaty and the development of the proposed waterway. We hope the committee will give thought to the effect this canal would have on the employees of the roads affected. The hundreds of thousands of railway employees who have lost their jobs in the past 2 years, partly because of the subsidies given railroad competitors by the Government, and the million who still have their jobs—though some are on a part-time basis—will not look with favor upon a project which not only increases the costs of Government but will delay, if not entirely prevent, the return to service of many who are unemployed, and will undermine the jobs of those who are fortunate enough to be employed at the present time.

We respectfully urge that all consideration of the project should be deliberately postponed at least until the existing depression is over and normal economic conditions reestablished. Conditions of today are so uncertain that the matter can not be adequately or soundly considered until they are past. Otherwise, the discussion of the contemplated project under the unprecedented conditions of the present depression is likely to assume the form of hypothetical suppositions. Even with the return of the country to normal activities, no proper consideration can, in our opinion, be given to the St. Lawrence deep waterway until our own domestic transportation problem is solved. We now have an excess of uncoordinated facilities both of steam railways, truck and bus lines, and waterways, which urgently require integration as well as uniform regulation and constructive treatment.

The present railroad situation is well known. The Government is attempting to assist the carriers through loans made by the Reconstruction Finance Corporation; the regulation of motor transportation is receiving the ernest consideration of various governmental and private agencies; the railroad employees last February voluntarily accepted a reduction in wages in order to assist the railroads to carry on during the depression.

The Federal Government has already advanced almost one half a billion dollars of its own funds to maintain the solvency and insure the continued operation of the railroads. More than 700,000 of the operating staff of the railways are now without employment, and, those still employed, are working part time. While coping with these deplorable conditions, we surely cannot properly consider the authorization of another huge waterway project which will indisputably divert traffic from railways, render more difficult the maintenance of their financial solvency, and increase the volume of unemployment among the working forces.

We believe that any proposal which tends to increase existing transportation facilities should be most carefully considered and approval withheld pending the clarification and settlement of the entire transportation problem. We feel that the first duty of the country is to rehabilitate and put on an efficient and profitable operating basis our existing transportation facilities before adding new ones. Unless this is done, the Government, in the case of the steam railroads, cannot hope to obtain payment of amounts now loaned to them and the railroads will doubtless undertake to further curtail employment in an effort to meet fixed charges and avoid receivership.

At this time to approve of the St. Lawrence Waterway Treaty would involve the expenditure of large sums of money and the building up of additional transportation facilities which, in the opinion of railway employees, would be most unwise and without economic justification. It is our opinion that instead of adding any new complications to the present transportation problems we should undertake to solve those now confronting us.

December 2, 1932.

List of the 21 railway labor organizations affiliated with the Railway Labor Executives' Association:

Brotherhood of Locomotive Engineers, A. Johnston, grand chief engineer.
Brotherhood of Locomotive Firemen and Enginemen, D. B. Robertson, president.
Order of Railway Conductors, S. N. Berry, president.
Brotherhood of Railroad Trainmen, A. F. Whitney, president.
Switchmen's Union of North America, T. C. Cashen, president.
Order of Railroad Telegraphers, E. J. Manion, president.
American Train Dispatchers' Association, J. G. Luhrsen, president.
International Association of Machinists, A. O. Wharton, president.
International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America, J. A. Franklin, president.
International Brotherhood of Blacksmiths, Drop Forgers and Helpers, Roy Horn, president.
Sheet Metal Workers' International Association, L. M. Wicklein, general vice president.
International Brotherhood of Electrical Workers, C. J. McGlogan, vice president.
Brotherhood of Railway Carmen of America, Martin F. Ryan, president.
International Brotherhood of Firemen and Oilers, J. F. McGrath, vice president.
Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, G. M. Harrison, president.
Brotherhood of Maintenance of Way Employees, F. H. Fljozdal, president.
Brotherhood of Railroad Signalmen of America, D. W. Helt, president.
Order of Sleeping Car Conductors, M. S. Warfield, president.
National Organization Masters, Mates and Pilots of America, Capt. Fred C. Boyer.
National Marine Engineers' Beneficial Association, Chas. M. Sheplar, president.
International Longshoremen's Association, Jos. P. Ryan, president.
Railway Employees' Department, American Federation of Labor, B. M. Jewell, president.

Mr. COSGROVE. May I clear up a question or two that has been asked, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. COSGROVE. I think Congressman Mapes asked whether there would be discrimination under the provisions of this resolution between rural consumers and others. There is not. Our act provides, that creates the power authority, as follows:

The said project shall be considered primarily as for the benefit for the people of the State as a whole and particularly the domestic and rural consumers.

That takes city consumers, domestic consumers, to whom the power can economically be made available, and accordingly that distributed to and used by industries shall be a secondary matter.

Does that clear that up?

Mr. MAPES. I was interested to know how the power was to be distributed? How its distribution was provided for.

Mr. COSGROVE. Only as we are directed there.

There was some other question asked here, whether there is a restriction in our law as to the distribution of this power in the State of New York. I feel safe in saying that there is not.

There was another question as to how far this power could be transmitted. We feel that we are conservative in the statement that it can be transmitted a distance of 300 miles, at a cost of 2½ mills, at a hundred percent load factor, which distance would reach the city of New York and practically all of the New England States.

Mr. PETTENGILL. Mr. Chairman, I would like to ask a question.

The CHAIRMAN. Mr. Pettengill.

Mr. PETTENGILL. Does the Power Authority have plenary power to enter this agreement under the memorandum of February 7, or does it require further legislation?

Mr. COSGROVE. We would have to go back to our State government before we could enter into a binding contract.

Mr. PETTENGILL. In other words, ratification, of this resolution, by Congress, would still be subject to the concurrent action by the New York Legislature, which has not yet been given.

Mr. COSGROVE. I would say that is right.

Mr. PETTENGILL. It occurs to me that ratification by New York State ought to take place before Congress has acted in the matter.

Mr. COSGROVE. I can say this, that this agreement, entered into by the Army engineers, and the Power Authority, has, I believe, the approval of all of the Power Authority, and the Governor of the State of New York.

Mr. PETTENGILL. But not of the legislature.

Mr. COSGROVE. It has never been submitted to the legislature.

Mr. PETTENGILL. Well, to get it clear in my own mind, must it be submitted?

Mr. COSGROVE. I think I will have to answer you this way: Under the agreement, we are to issue bonds to take care of our part of the cost of the projects. Then we are to enter into an agreement for the distribution of this power and fix the cost at which it will be sold. If that agreement is approved by the Governor of our State, it is my understanding that then we have the right to make the contract. If we report—the Power Authority—that we are unable to make an agreement with operating companies to transmit and sell this power to the consumers at what the Power Authority believes is a fair price to the consumers, then we recommend some other way of disposal. We must go back to the legislature to get authority to make that disposal.

Mr. PETTENGILL. The Power Authority has authority to issue its own bonds, or must they be issued by act of the legislature?

Mr. COSGROVE. To issue our own bonds, when we have the approval of the Governor as to the contract we make for the distribution and sale of this power.

Mr. PETTENGILL. You said the potential power that was there was the equivalent of Muscle Shoals and Boulder Dam. Did you mean both?

Mr. COSGROVE. I said comparable to.

Mr. PETTENGILL. Comparable to?

Mr. COSGROVE. Yes.

Mr. PETTENGILL. To either of those, or both added together?

Mr. COSGROVE. I do not know how much each of them develop.

Mr. PETTENGILL. That is all.

Mr. LEA. Has there been any controversy as to other States wanting to share in the distribution of this power?

Mr. COSGROVE. No.

Mr. LEA. Is there anything in this agreement that limits it, as to distribution, to the State of New York?

Mr. COSGROVE. No. The distribution would be in our power authority.

Mr. LEA. The distribution would be in your power authority?

Mr. COSGROVE. Yes.

Mr. LEA. Under the plan, as I understand it, New York pays all of the expenses of the power works, outside of the dams and canals.

Mr. COSGROVE. We pay for the equipment of our power house; we pay for the superstructure, or buildings above the water; we pay for the substructure, or buildings below the water; we pay for that portion of the dam which makes up our bulkhead, which is a very long part; we pay half of the building of the dam; we pay half—I am talking when I say half, of the American cost—half of all items that are common to navigation and power.

Mr. LEA. But everything outside of those things that are common to navigation and power, New York pays for, does it not?

Mr. COSGROVE. Pertaining to power?

Mr. LEA. Yes.

Mr. COSGROVE. Yes.

Mr. LEA. And you pay for it, whether it is within the estimate or not?

Mr. COSGROVE. Within what?

Mr. LEA. Within the cost of your work, or within the estimates. Suppose the cost exceeds the estimates?

Mr. COSGROVE. On power.

Mr. LEA. On power work; New York would pay for that.

Mr. COSGROVE. If we do the work; yes.

Mr. LEA. Well, if it is done, you do it, do you not, under this agreement?

Mr. COSGRAVES. Under the agreement, the Federal Government may do some of our work.

Mr. LEA. What class of work may the Federal Government do?

Mr. COSGROVE. They may build the substructures of the power houses. That is, when the dams are being built, being put in. That comes naturally with the contract to do that work.

Mr. LEA. But, that would be a part of the necessary construction of the dam, would it not?

Mr. COSGROVE. Yes; the bulkheads.

Mr. LEA. What is this designation at the top of page 3, there, where it refers to "the prior use of all of the waters of the St. Lawrence River within the boundaries of the United States is necessary for the proper regulation of commerce and the improvement of navigation.

Mr. COSGROVE. You are reading from what?

Mr. LEA. Top of page 3 of the bill.

Is the dividing line in the center of the stream?

Mr. COSGROVE. I do not know whether it runs in the center of the stream or not.

Mr. LEA. Is there anyone here who can tell us?

Mr. MANLY. It follows the thread of the stream.

Mr. LEA. So, all of the water of the United States includes half, is that right?

Mr. MANLY. Yes; that is correct.

Mr. LEA. Half of the total of the river is in Canada and one half of it is in the United States.

Mr. MANLY. The treaty covers that provision.

Mr. LEA. Yes.

This point from where the water is diverted is decided upon the basis of half and half, I understand.

Mr. COSGROVE. From where the water is distributed.

Mr. LEA. Yes; you just mentioned that a large part of the river is in Canada, but the point of division is over on the boundary line; is not that right?

Mr. COSGROVE. The American side gets one half of the water and the Canadian gets one half of the water. That answers the question.

Mr. LEA. Yes.

Mr. COSGROVE. So that there is the same quantity of power naturally, unless some waters are turned in by one nation or the other; naturally there is the same amount of water for power purposes in Canada as in the United States.

The CHAIRMAN. Mr. Mapes.

Mr. MAPES. Am I right in assuming that the other point involved here is whether or not we are going to establish the exclusive right of the Power Authority of the State of New York to control the hydro-electric power to be developed on the American side of the river, as against the right of private development companies to do so?

Mr. COSGROVE. As I understand.

Mr. MAPES. Assuming the fairness and equity of the argument as to the costs.

Mr. COSGROVE. I think that states it.

There are two things here, as I understand it: First, how much shall New York pay to the Federal Government for this development. Secondly, New York is to have the power on the American side in consideration of that payment.

Mr. MAPES. And, assuming the amount to be paid is equitable, and fair, the other point, so far as this resolution is concerned, is whether or not the Congress wants to give the right to control the hydro-electric power to the State of New York, or to private parties; is that it?

Mr. COSGROVE. To the Power Authority of the State of New York.

Mr. MAPES. Yes. Well, that is another way of saying the State of New York, is it not?

Mr. COSGROVE. Yes, sir.

Mr. BULWINKLE. Mr. Chairman, may I ask a question?

The CHAIRMAN. Mr. Bulwinkle.

Mr. BULWINKLE. Will there be any additional cost to the Government on account of New York having control of the power?

Mr. COSGROVE. Any additional power?

Mr. BULWINKLE. Yes; any additional cost in any way to the United States Government?

Mr. COSGROVE. It will save, I will say.

Mr. BULWINKLE. You have not brought it out. That is what I want to know.

Mr. COSGROVE. No additional cost; no.

Mr. HUDDLESTON. Why is it desirable to pass this resolution in advance of the ratification of the treaty?

Mr. COSGROVE. We think, Congressman Huddleston, that this is a domestic question. It should have been settled months ago. And we have been endeavoring to settle it for 2 years with the Federal Government. Canada and the Province of Quebec entered into an agreement, before the treaty was signed, as to the allocation of costs between the Province and the Federal Government there, and, we think, that before the treaty is considered, that it would be well for the Members of the Congress, both branches, to know what, in the event of the ratification of the treaty, the expense would be to the Federal Government.

Mr. HUDDLESTON. If the treaty should not be ratified the passage of this resolution would be futile.

Mr. COSGROVE. That is right.

Mr. HUDDLESTON. Do you think that we may expect the Senate to take action on this proposal, before acting on——

Mr. COSGROVE (interposing). The Senate do what?

Mr. HUDDLESTON. To take action on this before acting on the treaty?

Mr. COSGROVE. Yes. I think so.

The CHAIRMAN. Mr. Hickerson, of the State Department, is present.

Mr. HOLMES. Mr. Chairman, may I ask a question?

The CHAIRMAN. Mr. Holmes.

Mr. HOLMES. I am not quite clear as to your neighboring State of Vermont. Does any part of that State border upon the St. Lawrence River?

Mr. COSGROVE. No part of Vermont goes to the St. Lawrence River, but it goes very near it.

Mr. HOLMES. I was not clear on that point.

Mr. COSGROVE. I do not know, Congressman Holmes, whether I have a map here that would show that or not. I think probably not. I am advised by one of my associates that it is about 40 miles from the St. Lawrence River to the nearest part of Vermont.

STATEMENT OF JOHN DEWEY HICKERSON, ASSISTANT CHIEF, DIVISION OF WESTERN EUROPEAN AFFAIRS, DEPARTMENT OF STATE

The CHAIRMAN. Mr. Hickerson, of the State Department, is here, prepared to answer any questions.

If you have any statement, Mr. Hickerson, we would be glad to hear it.

Mr. HICKERSON. Mr. Chairman, I have no statement. The Under Secretary, Mr. Philips, had hoped to come down here this morning, but the pressure of other work was such that he could not

do so, and he asked me to come down in his place and place myself at the disposal of the committee, to answer any questions that they might want to ask, from the standpoint of the Department of State. We hope very much this resolution is approved. Beyond that, I have nothing to say, other than to endeavor to answer any questions any member of the committee may desire to ask me.

Mr. LEA. It seems to me that it would be desirable to have a summary of the provisions of the treaty in this record.

Mr. HICKERSON. I can leave a copy of the treaty for your record, if you would like. I have it here. It is not long.

The CHAIRMAN. It may go in the record, but it will not be of much service to the committee, in the consideration of this resolution, just to have it go into the record, because we are going to try to get action on this resolution before the hearings are printed.

Mr. HICKERSON. Then, may I summarize, just very briefly, what we tried to do in the treaty?

The CHAIRMAN. Yes.

Mr. HICKERSON. This treaty covers directly the international section of the St. Lawrence River. The international section is composed of two parts. That is, the Thousand Islands section, where the matter of improving the river for navigation consists merely of taking out some shoals in the river, and deepening and straightening out the channel; that lies between Lake Ontario and Ogdensburg, N.Y., or a little past Ogdensburg.

The other section, the International Rapids section, about 48 miles long, where these rapids occur, and the dams and heavy expenses are necessary, as General Pillsbury and Mr. Cosgrove developed rather exhaustively, that part of it, this morning.

In addition to that, the preamble of the treaty notes the declaration of the Government of the United States to provide, not later than the date of the completion of the deep waterway in the international section of the river, for the completion of the works in the Great Lakes system above Lake Erie, which will provide essential links in the waterway. That means a deepening of the connecting channel of the Great Lakes to 27 feet, and providing an additional lock at the fault in the upper Lakes.

The preamble of the treaty also notes the declaration of the Canadian Government, of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence River, for the completion of the New Welland Ship Canal, and of canals in the Soulanges and Lachine areas of the Canadian section of the St. Lawrence River—that is between where the river ceases to be the international boundary and Montreal—the Canadians are to complete that, not later than the completion of the works in the international section of the river.

That makes the complete project for the commerce of the waterway from the heads of the lakes, from Duluth to Montreal.

Between Montreal and the sea there is a large ship channel of 30 feet. That would mean, on completion of all of these works, there would be a through ship channel, not less than 27 feet deep, from Duluth and the upper cities on the lakes, to Montreal, from which point there already exists a 30-foot channel.

In providing for the completion of these works, we endeavored to allocate, as between Canada and the United States, the cost of the

works on a basis of equality. It was not possible, absolutely, to equalize the expenses, but, of the total costs of all of the works, of $543,000,000, the United States will spend approximately $272,000,000 and Canada will spend approximately $271,000,000. That includes the amounts that have already been spent for the completion of work.

Testimony has already been given about the amount of new money which will be required, that is, approximately $258,000,000 on our part, from which should be subtracted $89,726,000, which New York will pay under this proposed agreement. That means that the Federal Government will have to provide an appropriation of about $168,000,000 for the completion of the entire waterway.

Mr. HUDDLESTON (presiding). Are there any questions?

(The treaty above referred to is printed in the record as follows:)

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

TEXT OF THE TREATY [1]

The President of the United States of America and His Majesty the King of Great Britain, Ireland, and the British dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada.

Recognizing that the construction of a deep waterway, not less than twenty-seven feet in depth, for navigation from the interior of the Continent of North America through the Great Lakes and the St. Lawrence River to the sea, with the development of the waterpower incidental thereto, would result in marked and enduring benefits to the agricultural, manufacturing, and commercial interests of both countries, and

Considering further that the project has been studied and found feasible by the International Joint Commission, the Joint Board of Engineers, and by national advisory boards, and

Recognizing the desirability of effecting a permanent settlement of the questions raised by the diversion of waters from or into the Great Lakes System, and

Considering that important sections of the waterway have already been constructed, and

Taking note of the declaration of the Government of Canada of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence River, for the completion of the New Welland Ship Canal, and of canals in the Soulanges and Lachine areas of the Canadian section of the St. Lawrence River which will provide essential links in the deep waterway to the sea, and

Taking note of the declaration of the Government of the United States of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence River, for the completion of the works in the Great Lakes System above Lake Erie which will provide essential links in the deep waterway to the sea,

Have decided to conclude a treaty for the purpose of ensuring the completion of the St. Lawrence waterway project, and for the other purposes aforesaid, and to that end have named as their respective plenipotentiaries:

The President of the United States of America:

Henry L. Stimson, Secretary of State of the United States of America;

His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, for the Dominion of Canada:

The Honorable William Duncan Herridge, P.C., D.S.O., M.C., His Envoy Extraordinary and Minister Plenipotentiary for Canada in United States of America;

Who, after having communicated to each other their full powers, found in good and due form, have agreed upon the following articles:

[1] Issued by the Department of State in a mimeographed press release, July 18, 1932.

PRELIMINARY ARTICLE

In the present treaty, unless otherwise expressly provided, the expression:

(*a*) "International joint commission" means the commission established pursuant to the provisions of the Boundary Waters Treaty of 1909;

(*b*) "Joint board of engineers" means the board appointed pursuant to an agreement between the Governments following the recommendation of the international joint commission, dated the 19th December 1921, and the "final report of the Joint Board of Engineers" means the report dated the 9th April 1932;

(*c*) "Great Lakes system" means Lakes Superior. Michigan, Huron, Erie, and Ontario, and the connecting waters, including Lake St. Clair;

(*d*) "St. Lawrence River" means the river known by that name and includes the river channels and the lakes forming parts of the river channels from the outlet of Lake Ontario to the sea;

(*e*) "International boundary" means the international boundary between the United States of America and Canada as established by existing treaties;

(*f*) "International section" means that part of the St. Lawrence River through which the international boundary line runs and which extends from Tibbetts Point at the outlet of Lake Ontario to the village of St. Regis at the head of Lake St. Francis;

(*g*) "Canadian section" means that part of the St. Lawrence River which lies wholly within Canada and which extends from the easterly limit of the international section to the Montreal Harbor;

(*h*) "Thousand Islands section" means the westerly portion of the international section extending from Tibbetts Point to Chimney Point;

(*i*) "International Rapids section" means the easterly portion of the international section extending from Chimney Point to the village of St. Regis;

(*j*) "Governments" means the Government of the United States of America and the Government of the Dominion of Canada;

(*k*) "Countries" means the United States of America and Canada.

ARTICLE I

With respect to works in the international section, Canada agrees, in accordance with the project described in the final report of the joint board of engineers,

(*a*) To construct, operate, and maintain the works in the Thousand Islands section below Oak Point;

(*b*) To construct, operate, and maintain a side canal with lock opposite Crysler Island;

(*c*) To construct the works required for rehabilitation on the Canadian side of the international boundary.

ARTICLE II

With respect to works in the international section, the United States agrees, in accordance with the project described in the final report of the joint board of engineers,

(*a*) To construct, operate, and maintain the works in the Thousand Islands section above Oak Point;

(*b*) To construct, operate, and maintain a side canal with locks opposite Barnhart Island;

(*c*) To construct the works required for rehabilitation on the United States side of the international boundary.

ARTICLE III

The high contracting parties agree to establish and maintain a temporary St. Lawrence International Rapids Section Commission, hereinafter referred to as the Commission, consisting of ten members, five to be appointed by each Government, and to empower it to construct the works in the International Rapids section included in the project described in the final report of the joint board of engineers (not included in the works provided for in articles I and II hereof, and excluding the power house superstructures, machinery and equipment required for the development of power) with such modifications as may be agreed upon by the Governments, out of funds which the United States hereby under-

takes to furnish as required by the progress of the works, and subject to the following provisions:

(*a*) That the Commission, in accordance with the provisions of schedule A, attached to and made a part of this treaty, shall be given the powers that are necessary to enable it to construct the assigned works;

(*b*) That, in so far as is possible in respect to the works to be constructed by the Commission, the parts thereof within Canadian territory, or an equivalent proportion of the total of the works, shall be executed by Canadian engineers and Canadian labor and with Canadian material; and, in so far as is possible, the remaining works shall be executed by United States engineers and United States labor and with United States material; and the duty of carrying out this division shall rest with the Commission;

(*c*) That the parties may arrange for construction, in their respective territories, of such power house superstructures, machinery, and equipment, as may be desired for the development of waterpower;

(*d*) That, notwithstanding the provisions of article IX, the Commission shall be responsible for any damage or injury to persons or property resulting from construction of the works by the Commission, or from maintenance or operation during the construction period;

(*e*) That, upon completion of tke works provided for in this article, the parties shall maintain and operate the parts of the works situate in their respective territories.

Article IV

The high contracting parties agree:

(*a*) That the quantity of water utilized during any daily period for the production of power on either side of the international boundary in the International Rapids section shall not exceed one-half of the flow of water available for that purpose during such period;

(*b*) That, during the construction and upon the completion of the works provided for in article III, the flow of water out of Lake Ontario into the St. Lawrence River shall be controlled and the flow of water through the international section shall be regulated so that the navigable depths of water for shipping in the harbor of Montreal and throughout the navigable channel of the St. Lawrence River below Montreal, as such depths now exist or may hereafter be increased by dredging or other harbor or channel improvements, shall not be lessened or otherwise injuriously affected.

Article V

The high contracting parties agree that the construction of works under the present treaty shall not confer upon either of the high contracting parties proprietary rights, or legislative, administrative or other jurisdiction in the territory of the other, and that the works constructed under the provisions of this treaty shall constitute a part of the territory of the country in which they are situated.

Article VI

The high contracting parties agree that they may, within their own respective territories, proceed at any time to construct alternative canal and channel facilities for navigation in the international section or in waters connecting the Great Lakes, and that they shall have the right to utilize for this purpose such water as may be necessary for the operation thereof.

Article VII

The high contracting parties agree that the rights of navigation accorded under the provisions of existing treaties between the United States of America and His Majesty shall be maintained, notwithstanding the provisions for termination contained in any of such treaties, and declare that these treaties confer upon the citizens or subjects and upon the ships, vessels, and boats of each high contracting party, rights of navigation in the St. Lawrence River, and the Great Lakes system, including the canals now existing or which may hereafter be constructed.

Article VIII

The high contracting parties, recognizing their common interest in the preservation of the levels of the Great Lakes system, agree:

(*a*) 1. That the diversion of water from the Great Lakes system, through the Chicago Drainage Canal, shall be reduced by December 31st, 1938, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21st, 1930;

2. In the event of the Government of the United States proposing, in order to meet an emergency, a increase in the permitted diversion of water and in the event that the Government of Canada takes exception to the proposed increase, the matter shall be submitted, for final decision, to an arbitral tribunal which shall be empowered to authorize, for such time and to such extent as is necessary to meet such emergency, an increase in the diversion of water beyond the limits set forth in the preceding subparagraph and to stipulate such compensatory provisions as it may deem just and equitable; the arbitral tribunal shall consist of three members, one to be appointed by each of the Governments, and the third, who will be the chairman, to be selected by the Governments;

(*b*) That no diversion of water, other than the diversion referred to in paragraph (*a*) of this article, from the Great Lakes system or from the international section to another watershed shall hereafter be made except by authorization of the international joint commission;

(*c*) That each Government in its own territory shall measure the quantities of water which may at any point be diverted from or added to the Great Lakes system, and shall place the said measurements on record with the other Government semiannually;

(*d*) That, in the event of diversions being made into the Great Lakes system from-watersheds lying wholly within the borders of either country, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall, notwithstanding the provisions of article IV (*a*), be vested in the country diverting such waters, and the quantity of water so diverted shall be at all times available to that country for use for power below the point of diversion, so long as it constitutes a part of boundary waters;

(*e*) That compensation works in the Niagara and St. Clair Rivers, designed to restore and maintain the lake levels to their natural range, shall be undertaken at the cost of the United States as regards compensation for the diversion through the Chicago Drainage Canal, and at the cost of Canada as regards the diversion for power purposes, other than power used in the operation of the Welland Canals; the compensation works shall be subject to adjustment and alteration from time to time as may be necessary, and as may be mutually agreed upon by the Governments, to meet any changes effected in accordance with the provisions of this article in the water supply of the Great Lakes system above the said works, and the cost of such adjustment and alteration shall be borne by the party effecting such change in water supply.

Article IX

The high contracting parties agree:

(*a*) That each party is hereby released from responsibility for any damage or injury to persons or property in the territory of the other, which may be caused by any action authorized or provided for by this treaty;

(*b*) That they will severally assume responsibility and expense for the acquisition of any lands or interests in land in their respective territories which may be necessary to give effect to the provisions of this treaty.

Article X

This treaty shall be ratified in accordance with the constitutional methods of the high contracting parties. The ratifications shall be exchanged in Washington or in Ottawa as soon as practicable and the treaty shall come into force on the day of the exchange of ratifications.

In faith whereof the respective plenipotentiaries have signed this treaty in duplicate and have hereunto affixed their seals.

Done at the city of Washington the eighteenth day of July in the year of our Lord one thousand nine hundred and thirty-two.

[SEAL] HENRY L STIMSON.
[SEAL] W. D. HERRIDGE.

SCHEDULE A

ST. LAWRENCE INTERNATIONAL RAPIDS SECTION COMMISSION

(*a*) The Commission, established under the provisions of article III of this treaty, shall function solely as an international commission established under, and controlled by, the terms of this treaty. It shall not be subject, generally, to the legislative, to the executive, or, except as hereinafter provided, to the judicial authorities in either country, but it shall be subject to this and to any subsequent agreement.

(*b*) The modifications referred to in article III of this treaty shall be regarded as effective when confirmed by an exchange of notes by the Governments.

(*c*) The Commission shall have power to establish orders, rules, or bylaws, and such orders, rules, or bylaws, together with any amendments, modifications, or repeals thereof, shall be effective on confirmation by an exchange of notes by the Governments.

(*d*) The Governments shall be entitled to inspect the plans, proposals, or works under construction, and to inspect and audit the books and other records of the Commission.

(*e*) In order to enable the Commission effectively to perform the duties imposed upon it by this treaty, it is agreed that the appropriate authorities in the countries will take such action as may be necessary to confer upon the Commission the following capacities, powers, and liabilities:

1. All such specific capacities, powers, and liabilities as are reasonably ancillary to the establishment of the Commission and the duties and functions imposed upon it by this treaty; the subsequently enumerated capacities, powers, and liabilities are not intended to restrict the generality of this clause;
2. The capacity to contract, to sue, and be sued in the name of the Commission;
3. Freedom from liability for the members of the Commission for the acts and liabilities of the Commission and, conversely, a general responsibility of the Commission for the acts of itself, its employees and agents, in the same manner as if the Commission were a body corporate, incorporated under the laws of either of the countries;
4. The power to obtain the services of engineers, lawyers, agents, and employees generally;
5. The power to make the necessary arrangements for workmen's compensation either directly or with the appropriate authorities or agents in either country, so as to insure to workmen and their families rights of compensation equivalent to those which they would ordinarily receive in the Province of Ontario in respect to the parts of the works within Canadian territory, or the equivalent works as referred to in article III(*b*) of this treaty, or in the State of New York in respect to the remaining works.

(*f*) The Commission shall be subject to the jurisdiction of the Federal courts of the two countries, respectively, that is to say, in respect to all questions arising out of the part of the works within Canadian territory or the equivalent works, as referred to in article III (*b*) of this treaty, the Commission shall be subject to the jurisdiction of the Exchequer Court of Canada, and, in respect to the remaining works, to the jurisdiction of the Federal courts of first instance in the United States; and there shall also be established rights of appeal, analogous to the appeals in similar matters from the respective courts to the appropriate tribunals in the respective countries: Provided, however, that in respect of a claim made upon the Commission exceeding in amount the sum of fifty thousand dollars ($50,000), either of the Governments, at any time after such claim has been tried and judgment entered in the appropriate court of first instance herein provided for, may cause the matter to be referred by way of appeal to an arbitral tribunal. Such reference shall be effected by notice from the Government invoking this proviso to the other Government and to the court, given within ninety days of the entry of such judgment, and such notice

shall give to the tribunal jurisdiction over the appeal, or cause any appeal already taken to be transferred to the tribunal. The tribunal shall consist of three members, all of whom must hold, or have held, high judicial office. One shall be appointed by each Government, and the third shall be selected by the two members so appointed; or, in the event of failure to agree, by the Governments jointly. The tribunal so established shall then have, in respect to such claim, exclusive final jurisdiction and its findings shall be binding upon the Commission.

(*g*) In view of the need for coordination of the work undertaken by the Commission and the development of power in the respective countries, the Commission shall have authority:

1. To make contracts with any agency in either country, which may be authorized to develop power in the international section, for the engineering services necessary for the designing and construction of the power works;
2. To defer such parts of the power works as need to be constructed in conjunction with the installation of power-house machinery and equipment, and to make contracts with any agency in either country, which may be authorized to develop power, for constructing such deferred parts of the power works.

(*h*) The remuneration, general expenses and all other expenses of the members of the Commission shall be regulated and paid by their respective Governments and all other expenses of the Commission shall be defrayed out of the funds provided under the terms of article III of this treaty.

(*i*) The Governments agree:

1. To permit the entry into their respective countries within the area immediately adjacent to the international section, to be delimited by an exchange of notes by the Governments, of personnel employed by the Commission, and to exempt such personnel from their immigration laws and regulations within such area;
2. To exempt from customs duties, excise or sales taxes, or other imposts, all supplies and material purchased by the Commission in either country for its own use.

(*j*) The Commission shall continue until its duties under article III of this treaty have been completely performed. The Governments may, at any time, reduce its numbers, provided that there must remain an even number of members with the same number appointed by each Government. Upon completion, arrangements will be made for the termination of the Commission and the bringing to an end of its organization by agreement between the Governments.

STATEMENT OF THE PRESIDENT [1]

The signing of the Great Lakes-St. Lawrence waterway treaty marks another step forward in this the greatest internal improvement yet undertaken on the North American Continent. The treaty must yet be ratified by the legislative bodies of the two Governments and is not effective unless this is done.

The treaty represents to me the redemption of a promise which I made to the people of the Midwest. It provides for the construction of a 27-foot waterway from the sea to all Canadian and American points on the Great Lakes. Such a depth will admit practically 90 percent of ocean shipping of the world to our lake cities in the States of New York, Ohio, Michigan, Indiana, Illinois, Wisconsin, and Minnesota. Its influence in cheapening transportation of overseas goods will stretch widely into the interior from these points. Its completion will have a profoundly favorable effect upon the development of agriculture and industry throughout the Midwest. The large byproduct of power will benefit the Northeast. These benefits are mutual with the great Dominion to the north.

The waterway will probably require 10 years for completion, during which time normal growth of traffic in the Nation will far more than compensate for any diversions from American railways and other American port facilities. The economic gains from improved transportation have always benefited the whole people.

Under the engineers' estimates, the total cost will be approximately $543,000,000, of which approximately $272,000,000 will need be expended by the United States. Some portion of these expenditures has already been made by both countries, and the actual total amount of new funds to be called on from the United States is estimated at about $258,000,000, and from this sum must be deducted the realization which may be made from about 1,100,000 horsepower on

[1] Issued by the White House as a mimeographed press release, July 18, 1932.

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the American side of the international section. The disposal of this power is reserved as a purely domestic question in the United States.

The question of the effect of the treaty provision covering the diversion of water from Lake Michigan upon the 9-foot waterway from Chicago to the Mississippi has been raised. I may quote the statement I received from General MacArthur, Acting Secretary of War, which clarified this question:

DEAR MR. PRESIDENT:

I am in receipt of your request for a statement from this Department in confirmation of the verbal assurances given to you and to the Secretary of State by the Corps of Engineers, that the provisions in respect to the diversion of water from Lake Michigan in the proposed Great Lakes-St. Lawrence deep waterway treaty are sufficient to provide for the maintenance of the 9-foot waterway from Chicago to the Mississippi.

I am glad to confirm that the provision in the treaty does provide the necessary diversion for this purpose.

Respectfully,

DOUGLAS MACARTHUR,
Acting Secretary of War.

The Canadian project of a 2-stage development in the international section has been adopted instead of the original American project of a single-stage development. The cost is slightly more, but the Canadian officials have felt that the 2-stage development is desirable for many reasons, amongst others for the complete assurance of the safety of the city of Montreal.

The project is of first importance to the whole continent. The many and extremely complex engineering, legal, commercial and international problems have been worked out by the representatives of both countries in a spirit of cooperation of which all North America can be justly proud.

STATEMENT OF THE DEPARTMENT OF STATE [1]

At 10 o'clock on July 18, 1932, the Honorable Henry L. Stimson, Secretary of State, on behalf of the United States, and the Honorable William Duncan Herridge, Minister of the Dominion of Canada in the United States, on behalf of Canada, signed a treaty for the construction of the Great Lakes-St. Lawrence deep waterway.

On January 21, 1920, the Governments of the United States and Canada referred the matter of the improvement of the St. Lawrence River for ocean navigation, with the development of water power incidental thereto, to the International Joint Commission, under the terms of article 9 of the treaty of January 11, 1909; the two Governments requested that the International Joint Commission investigate this project and submit a report to them on its feasibility and practicability. The report of the joint board of engineers, dated December 19, 1921, recommended that the Governments of the United States and Canada enter into an arrangement by way of a treaty for a scheme of improvement of the St. Lawrence River between Montreal and Lake Ontario; the Commission further recommended "that the New Welland Ship Canal be embodied in said scheme and treated as a part thereof." The technical phases of the report of the International Joint Commission were based on an engineering report, dated June 24, 1921, which was prepared by Col. W. P. Wooten, United States Army Engineers, and Mr. W. A. Bowden, then Chief Engineer of the Canadian Department of Railways and Canals. In its report the International Joint Commission suggested that the project, before any final decision be reached, be referred to an enlarged engineering board for further study.

On March 14, 1924, President Coolidge appointed a national committee of nine members, designated as the St. Lawrence Commission of the United States, having as its chairman President Hoover, who was then Secretary of Commerce, to act as an advisory committee to the United States Government on all questions that might arise in the consideration of the project for the improvement of the St. Lawrence River. On May 4, 1924, the Government of Canada, apointed a similar national advisory committee of nine members, having as its chairman the Honorable George P. Graham, then Minister of Railways and Canals in Canada, to advise that Government on matters relating to the project. A joint board of engineers representing the two countries was created in pursuance of the recommendation of the International Joint Commission. The American members, appointed on April 2, 1924, were:

[1] See footnote 1, p. 1.

The late Maj. Gen. Edwin Jadwin (then Colonel, United States Army Engineers)
Col. William Kelly, Corps of Engineers
Brig. Gen. George B. Pillsbury (then lieutenant colonel, Corps of Engineers)

The Canadian representatives on the Joint Board of Engineers, appointed May 7, 1924, were:

Mr. Duncan W. McLachlan, of the Department of Railways and Canals, Ottawa
Mr. Oliver O. Lefebvre, chief engineer, Quebec Streams Commission of Montreal
Brig. Gen. Charles Hamilton Mitchell, C.B., C.M.G., of Toronto.

The joint board of engineers submitted its report on November 16, 1926. The report contained detailed plans for the construction of the proposed waterway and for the development of the water-power in connection therewith. There was, however, a difference of opinion in regard to some of the technical details of the project, the American engineers favoring a single-stage development, while the Canadian engineers recommended a double-stage development.

On December 27, 1926, the United States St. Lawrence Commission submitted its report to President Coolidge. The Commission stated that in its opinion the construction of a shipway from the Great Lakes to the sea was imperative "both for the relief and for the future development of a vast area in the interior on the continent"; and that the shipway should be constructed on the St. Lawrence route, provided suitable agreement could be made for its joint undertaking with the Dominion of Canada. On January 11, 1928, the Canadian National Advisory Committee submitted a favorable report on the project to the Prime Minister of Canada.

On April 13, 1927, Secretary of State Frank B. Kellogg addressed a note to the Canadian Minister in Washington in which he reviewed the investigations which had been made of the Great Lakes-St. Lawrence waterway project and in which he stated that the Government of the United States "adopts the recommendations of the St. Lawrence Commission" and "is prepared to enter into negotiations with a view of the formulation of a convention appropriate to this subject." Notes in regard to the project were exchanged between Canada and the United States in 1927 and 1928; all of these notes were published at the time. During these years, as well as during the three years which followed, the matter was the subject of numerous conversations between representatives of the two Governments. On October 8, 1931, a simultaneous press statement was made at Washington and at Ottawa, to the effect that negotiations looking to the final conclusion of a treaty for the completion of the Great Lakes-St. Lawrence deep waterway would be begun at an early date.

On November 14, 1931, an exchange of views took place at Washington between the Honorable W. D. Herridge, Canadian Minister to the United States, and Secretary of State Stimson on this subject. During the conference, arrangements were made for the reconvening of the joint board of engineers with a view to insuring agreement upon the general form of the development to be undertaken in the International Section of the St. Lawrence River, as to which some divergence of views existed in the 1926 report of the board. The American members of the reconstituted board were Col. Harley B. Ferguson, Col. E. M. Markham, and Maj. Eugene Reybold, all of the Corps of Engineers; the personnel of the Canadian section had not changed since appointment in 1924. The joint board of engineers met in December 1931 and held a number of meetings prior to the completion of its final report on April 9, 1932. The joint board of engineers was instructed by the two Governments to reach an agreement on a plan for early execution that would provide effectively for navigation and power requirements and at the same time recognize the special national interests in the lower St. Lawrence River to which attention had been called in previous discussions.

Many conferences were held between Minister Herridge and members of the Department of State. In these meetings the Honorable Hanford MacNider, American Minister to Canada, participated and the Honorable Henry J. Allen, of Kansas, assisted in the negotiations in an unofficial capacity. In the middle of last month an outline of a treaty was concluded, and the terms of the treaty were finally settled on July 12.

The text of the treaty was released in Ottawa the morning of July 18 and was made available to the press in Washington on that day. The preamble of the treaty notes the declaration of the Canadian Government of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence, for the completion of the New Welland

Ship Canal and of canals in the Soulanges and Lachine areas of the Canadian section of the St. Lawrence River which will provide essential links in the deep waterway to the sea; the preamble also notes the declaration of the Government of the United States of its intention to provide, not later than the date of the completion of the works in the international section, for the completion of the recommended works in the Great Lakes system above Lake Erie. The treaty itself consists of 10 articles and a separate schedule, the last named relating to the St. Lawrence International Rapids Section Commission, provided for under article III of the treaty.

Under the first article of the treaty, Canada agrees, in accordance with the project described in the final report of the joint board of engineers, to construct, operate, and maintain the works in the Thousand Islands section of the St. Lawrence River below Oak Point; to construct, operate, and maintain a side canal with lock opposite Crysler Island; and to construct the works required for rehabilitation on the Canadian side of the international boundary.

In article II, the United States agrees, in accordance with the project described in the final report of the joint board of engineers, to construct, operate, and maintain the works in the Thousand Islands section above Oak Point; to construct, operate, and maintain a side canal, with locks, opposite Barnhart Island; and to construct the rehabilitation works on the Uuited States side of the international boundary. In this regard, it may be mentioned that practically all of the works, both in the American and in the Canadian section of the Thousand Islands sector, have already been completed.

Article III of the treaty provides for the establishment and maintenance of a temporary St. Lawrence International Rapids Section Commission consisting of 10 members, 5 to be appointed by each Government, to construct the works in the International Rapids section of the river included in the project described in the final report of the joint board of engineers, not included in the works provided for in articles I and II of the treaty and excluding power house superstructures, machinery, and equipment. The two Governments expressly reserve the right to modify the plans by mutual agreement. In this article, the United States agrees to provide the funds for the construction of the works in the International Rapids section by the Commission. Article III of the treaty stipulates that the parts of the works within Canadian territory, or an equivalent proportion of the total of the works, shall, insofar as is possible, be executed by Canadian engineers and Canadian labor and with Canadian material; and insofar as is possible the remaining works shall be executed by American engineers and American labor, and with American material. Approximately two thirds of the works to be constructed by the Commission are in United States territory and one third in Canadian territory. Article III also provides that the parties may arrange for construction in their respective territories of such power house superstructures, machinery, and equipment as may be desired for the development of power. This provision, of course, leaves each of the Governments free to settle the purely domestic question of the utilization of water power.

Article IV of the treaty provides for the equal division as between the United States and Canada of the water utilized for power purposes in the International Rapids section of the St. Lawrence River and for the regulation of the flow of the river to protect the down-river shipping facilities.

Article V clearly stipulates that the construction of works under the treaty shall not confer upon either of the parties thereto proprietary rights or legislative, administrative, or other jurisdiction in the territory of the other, and that the works constructed under the treaty shall constitute a part of the territory of the country in which they are situated.

Article VI provides that the high contracting parties may, within their own respective territories, proceed at any time to construct alternative canal and channel facilities for navigation in the international section of the St. Lawrence River or in waters connecting the Great Lakes.

Article VII stipulates that the rights of navigation accorded under the provisions of existing treaties between the two countries shall be maintained notwithstanding the provisions for termination contained in any of such treaties.

Article VIII of the treaty relates to the preservation of the levels of the Great Lakes system. This article provides that the diversion of water from the Great Lakes system through the Chicago Drainage Canal shall conform to the quantity provided under the decree of the Supreme Court of the United States of April 21, 1930. The article further provides that in the event of the Government of the United States proposing, in order to meet an emergency, an increase in the permitted diversion, and in the event of the Government of Canada taking exception to the proposed increase, the matter shall be submitted for final decision to an arbitral tribunal which shall be empowered to authorize, for such time and to such an extent as is necessary to meet the emergency, an increase in the diversion of water beyond the limits of the above-mentioned decree and to stipulate such compensatory provisions as the tribunal shall deem just and equitable. The arbitral tribunal, it is provided, shall consist of three members, one to be appointed by each of the Governments and the third, who will be the chairman, to be selected by the two Governments jointly.

The United States Army Engineers state that the quantity of water which the Supreme Court decree authorizes the Chicago Sanitary District to divert from the Great Lakes watershed is sufficient to maintain the operation of the 9-foot canal from Chicago to the Mississippi River through the Illinois River.

Article VIII also provides that no diversion of water, other than that referred to in the preceding paragraph, from the Great Lakes System or from the international section of the St. Lawrence River to another watershed shall hereafter be made except by authorization of the international joint commission, on which the United States and Canada have equal representation.

Under article IX, both countries are released from responsibility for any damage or injury to persons or property in the territory of the other which may be caused by any action authorized or provided for by the treaty. This article also stipulates that the two countries will severally assume responsibility and expenses for the acquisition of any lands or interests in land in their respective territories which may be necessary to give effect to the provisions of the treaty.

Article X is the usual article relating to the ratification of the treaty and the exchange of ratifications.

Schedule A provides details in regard to the organization, capacities, powers, and liabilities of the St. Lawrence International Rapids Section Commission.

The final report of the joint board of engineers, dated April 9, 1932, upon which the treaty is based, provides for a 2-stage plan with the upper dam at Crysler Island, with two power houses, one on either side of the international boundary; a navigation canal and lock on the Canadian side of the boundary opposite Crysler Island is also provided for. The lower dam is to be at Barnhart Island, with two power houses, one on either side of the international boundary; there is to be a side canal with two locks on the American side of the boundary, opposite Barnhart Island. These locks are designed to carry deep-water navigation past the proposed power works and dams. The final report of the joint board of engineers estimates that the installed capacity for waterpower at Crysler Island is 592,960 horsepower and at Barnhart Island is 1,607,000 horsepower. This means that the installed capacity on each side of the international boundary in the international section is roughly 1,100,000 horsepower. The report states that 7 years is considered a reasonable construction period for the project, but adds that unforeseen conditions might require a longer period; the report adds that latitude in the matter of preparing a construction program should be vested in the authority in charge of actual construction.

The joint board of engineers estimates that the entire waterway, from the Great Lakes to Montreal, will cost a total of $543,429,000. Of this amount it is estimated that the United States will spend $272,453,000 and that Canada will spend $270,976,000. A considerable portion of these sums has already been expended by both countries. In computing the total cost of the waterway, in so far as past expenditures are concerned, the formula was adopted of including only those expenditures which would not have been made except in contemplation of the completed deep waterway. The American expenditures, according to the engineers' estimates, include $56,500,000 for deepening the channels in the upper lakes, providing a new lock in the St. Marys River, and constructing the compensation works which the United States has agreed to build. Of this sum $14,000,000 has already been appropriated and allotted, and $42,500,000 of new funds will be required. The cost to the United States of deepening the river in the Thousand Islands section is put at $461,000, which has already been appropriated. The expenditures of the United States in the International Rapids section will reach a total of $215,492,000. The total amount of new funds which the United States will be called upon to spend is $257,992,000 for both navigation and power works. But from these costs must be deducted the realizations from the disposal of the waterpower, which should greatly reduce the cost.

The Canadian expenditures are made up of $128,000,000 for the New Welland Ship Canal which has been completed, $772,000 for the works in the Thousand Islands section, $59,250,000 in the International Rapids section, and $82,954,000

for improvements in the Lake Francis, Soulanges, and Lachine areas, which are in Canadian territory.

The foregoing estimates are based on the report of the joint board of engineers of November 16, 1926, and include unit prices as of that time. The engineers are of the opinion that if contracts for the recommended works should be let at price levels approximating those prevailing at the present time, an appreciable saving in construction costs would result.

The waterway project upon its completion will provide a 27-foot channel from Montreal through the Great Lakes. A channel of more than 30 feet in depth is now available from Montreal to the sea. The completion of the waterway will therefore admit ocean shipping from the Atlantic Ocean to the Great Lakes and will lessen the economic handicaps of adverse transportation costs to a vast area in the interior of the continent. As the report of the United States St. Lawrence Commission of December 27, 1926, points out, within the United States this area embraces all or large portions of the States of Ohio, Indiana, Kentucky, Illinois, Iowa, Missouri, Kansas, Nebraska, North Dakota, South Dakota, Montana, Wisconsin, Minnesota, Michigan, Pennsylvania, and New York. Within Canada, the area affected directly includes a large part of the Dominion. Within this total area there are more than 40,000,000 inhabitants who gain their livelihood from basic industries. This area produces a great surplus both from agriculture and from manufactures, much of which requires long transportation. There is a reciprocal inflow of commodities from its neighbors. These sections have always been under national transportation disadvantages in the exportation and importation of commodities. It was estimated in 1926 that the completion of the seaway would result in a saving of approximately 6 cents per bushel in the transportation costs upon grain moving from Great Lakes ports to the markets of Europe. The consequence of this saving would be that the price levels of grain and other commodities similarly affected in the Great Lakes transportation area would be increased accordingly. Much the same type of economic reaction would affect other commodities and industries. In times of abnormally low commodity prices the necessity of transporting products to consuming centers at the lowest cost possible becomes a matter of vital importance. The increased purchasing power as a result of this readjustment in price levels would thus be of great benefit to the entire area of both countries. There can be no disagreement in opinion that these sections of the United States and Canada are entitled to an equalization in transportation advantages as far as possible, nor as to the benefits which will inevitably flow to them when access to ocean transportation is afforded.

Upon the treaty's ratification by the United States and Canada and upon the provision by the legislative bodies of funds to commence construction, the project will furnish employment for a large number of workmen.

Report of the Joint Board of Engineers (Reconvened) on Improvement of the International Section of the St. Lawrence River [1]

1. A joint board of engineers, consisting of 6 members, 3 representing the United States and 3 representing Canada, was set up by order of the U.S. War Department, dated April 2nd, 1924, and by order-in-council of the Canadian Government, dated May 7th, 1924. This joint board was asked to review a previous report on the St. Lawrence deep waterway made by Col. W. P. Wooten, representing the United States, and the late W. A. Bowden, representing Canada. This board was also asked to extend its inquiries to certain additional matters relevant to proposals made by the international joint commission in a report dated Dec. 19th, 1921, under instructions from both Governments.

2. That joint board, under date of Nov. 16th, 1926, presented a comprehensive report on the matters referred to it. The report was later accompanied by appendices A to G, inclusive, and was printed in both countries.

3. The membership of the U.S. section at that time consisted of the late Lieut. Gen. Edgar Jadwin, then Chief of Engineers; Col. William Kelly, Corps of Engineers; and Brig. Gen. G. B. Pillsbury, then colonel, Corps of Engineers.

4. The membership of the Canadian section consisted of Duncan W. McLachlan, of the Department of Railways and Canals; Dr. Olivier O. Lefebvre, chief engineer of the Quebec Streams Commission; and Brig. Gen. Charles H. Mitchell, C.B., C.M.G., Dean of the Faculty of Applied Science, University of Toronto.

5. On Jan. 23rd, 1930, the U.S. section of the joint board was reconstituted with Col. Harley B. Ferguson, Corps of Engineers, as chairman, and Col. E. M. Markham and Col. G. B. Pillsbury, as members. On June 26th, 1930, Maj. Eugene Reybold was detailed to replace Colonel Pillsbury.

The personnel of the Canadian section has not changed since appointment in 1924.

6. In December 1931 the present joint board was instructed to meet and report a mutually satisfactory plan for the improvement of the International Rapids section and to consider any other matters requiring attention. Since receipt of these instructions, six meetings have been held, and the questions to be dealt with have been given much consideration.

7. In March 1932, the board was instructed to reach an agreement on a plan for early execution that would provide effectively for navigation and power requirements, and at the same time recognize the special national interests in the lower St. Lawrence River to which attention has been called in previous discussions.

INTERNATIONAL RAPIDS SECTION

8. The board has studied the International Rapids section, utilizing the great mass of data accumulated by previous boards and other agencies. Since the report of the joint board in 1926, much additional data regarding rock surfaces in the International Rapids section have been obtained.

9. The Department of Railways and Canals of Canada secured a total of about 100 borings, between 1928 and 1932, at Galop Rapids, at Ogden Island, at Crysler Island, and generally over the area between the head of Barnhart Island and the foot of Cornwall Island. In 1930 an engineering board appointed by the State of New York made 12 borings to rock near Massena Point. The records of over 1,000 borings in the International Rapids section are now available. These records and investigations have enabled progress to be made which would otherwise not be possible.

10. In the present report it is deemed best to adopt the standards and unit prices set up in the joint board report of 1926 rather than introduce new unit prices for present-day construction costs. In this way schemes herein discussed may be compared with others which have been described in the 1926 report.

11. A review of governmental and other reports for the improvement of the International Rapids section shows that the improvement desired can be secured in a variety of ways.

12. If improvement for navigation alone were desired, it could best be secured by a side canal between the head of Galop Rapids and the foot of Ogden Island, a pool between Ogden Island and a dam at the Long Sault Rapids, and a side canal from this pool to the river below Massena Point. This form of development would be economical as regards navigation, but would have no valuable power possibilities.

13. If a dam with short side canal and lock at Ogden Island, together with channel enlargement above, be substituted for the side canal between Galop Rapids and the foot of Ogden Island, then there is produced a double pool, or stage, project which conserves great power values. However, the area of high rock surface at Ogden Island is restricted, the river is narrow, and the character of channels below makes it impossible to concentrate at this point a usable winter head of more than about 12 feet. This head is lower than desirable on a river of the size of the St. Lawrence. The head concentration at an upper dam in such a project can be increased however by locating the structures at Crysler Island (about 7 miles downstream from Ogden Island) where rock surface elevations are favorable.

If desired, the head at the upper dam could be reduced to small dimensions and the head at Barnhart Island increased to approximately the total fall of the section. Under such a plan, however, difficulty arises with regard to the elevation to be adopted for the lower pool and the head to be left at the upper or control dam. If this head be substantial, the loss of power would be considerable; if this head be small, the control of flow becomes problematical and flooding below becomes extensive.

PROJECT FOR A TWO-STAGE DEVELOPMENT

14. A two-stage plan with upper dam at Crysler Island is mentioned in the report of Col. W. P. Wooten, and the late W. A. Bowden to the international joint commission in 1921. A similar project is described in the 1926 report of the joint Board of Engineers. Such a project was recommended in 1929 in the report of the conference of the Canadian section of this board and engineers representing the Province of Ontario.

[1] Issued by the Department of State as a mimeographed press release, July 20, 1932.

Description

15. The Crysler Island two-stage plan is designed to provide adequately for power and a depth of 27 feet for navigation. Its main features are as follows:

(*a*) A dam at Crysler Island with two power houses, one on either side of the international boundary.

(*b*) A dam at Barnhart Island. Two power houses, one on either side of the international boundary.

(*c*) A short side canal with lock on the Canadian side at Crysler Island, and a side canal with two locks on the United States side opposite Barnhart Island. These works are designed to carry deep water navigation past the proposed power houses and dams.

(*d*) A free open channel south of Galop Island for navigation, together with a diversion channel through Galop Island capable of discharge control in the interest of both navigation and power.

(*e*) Channel enlargement between Lotus Island and Ogden Island, designed to provide at least 95,000 square feet of river section at ordinary operating levels.

(*f*) Various works designed to protect the interests of the towns and villages affected by the proposed improvement.

(*g*) A lock for passing 14 ft. navigation through the dam at Crysler Island, and a similar structure near Barnhart Island to give access to the present Cornwall Canal.

(*h*) Provision for an additional deep water side canal and lock on the United States side at Crysler Island and for an additional deep water side canal with two locks on the Canadian side opposite Barnhart Island, should the construction of alternative navigation facilities become desirable at a future date.

16. Under this project the proposed dam and power houses at Crysler Island would be located on a solid rock sill which stands at elevations ranging from 157 to 170. At this locality the river is wide enough to permit power houses, sluice gates, and a 14-foot lock to be introduced between its banks. The international boundary is in such position that the Canadian and United States power houses can be placed wholly within their respective territories. Although the plan shows the side canal and lock for deep navigation on the Canadian side of the boundary, these works could be located on the United States side without any material difference in estimated costs.

17. In the case of the lower development, the main dam, 3,800 ft. long, would extend from the head of Barnhart Island to the foot of Long Sault Island, thence across the South Sault channel to the United States mainland. The power house of each country would be located on its side of the international boundary at the foot of Barnhart Island. A connection would be provided with the Canadian mainland near Mille Roches, thus making Bergen Lake part of the headrace. The plan proposes the side canal and two locks for deep navigation on the United States side of the boundary. This side canal with locks could be located on the Canadian side at an estimated additional cost of $4,500,000.

18. The average head ultimately available at Crysler Island with the upper pool at elevation 241–245 and the lower pool at elevation 217 at Barnhart Island, is estimated to be 24.2 feet in summer and 19.6 feet in winter. The installed capacity for purposes of estimate is taken at 592,960 horsepower.

The average head available at Barnhart Island from pool elevation 217 is 60.4 feet in summer and 56.4 feet in winter. The installed capacity for purposes of estimate is taken at 1,607,000 horsepower.

19. The installed capacities adopted are in excess of the twenty-four hour power that can be produced at low-water flow, and are not to be construed as indicating continuous power possibilities.

Rehabilitation work

20. The construction of the work proposed at Crysler Island will raise water levels opposite the village of Iroquois and the town of Morrisburg to elevations varying from 241 to 245. This will inundate the easterly part of Morrisburg and almost all of Iroquois. Adequate provision has been made for the rehabilitation of these communities in the estimates appended.

21. No unusual or extensive rehabilitation is required on the United States side of the river.

Feasibility and estimated cost of the project

22. The joint board is of the unanimous opinion that the two stage plan above defined is practicable and feasible from an engineering point of view; that there is no question as to the safety of the works proposed; and that navigation requirements and power recovery are provided for adequately.

23. The estimated cost of the project is $274,742,000. Its main features are shown on plates 1 to 6; [2] detail estimates are given in appendix 1.[2] The project will be referred to as project C–217.

Estimates are based on prices of 1926. On the basis of present-day prices, they would be substantially reduced. Actual costs will depend largely upon conditions at the time of construction.

GENERAL

24. In proceeding with the improvement of the International Rapids section, it should be recognized that, subject to mutual agreement, considerable latitude should be allowed the authority responsible for the construction of the works as regards the location of the structures and such other modifications of layout as may be advantageous. Similarly, latitude should also be allowed in fixing the level of the pool above the lower dam.

25. Any increase in the supply of water to the Great Lakes, or any decrease in diversions therefrom, must be taken into account in channel enlargement and in rules for regulation.

The control of the flow of water out of Lake Ontario into the St. Lawrence River, and the regulation of the flow of water through the international section of the St. Lawrence River, should be such as not injuriously to interfere with, or lessen, the navigable depths of water for shipping in the harbour of Montreal and throughout the navigable channel of the St. Lawrence River below Montreal, as such depths now exist or may hereafter be increased by dredging or other harbor or channel improvements.

THOUSAND ISLAND SECTION

26. The report of 1926 proposed a series of excavations for the improvement of the Thousand Island section at a number of separated shoals, between Clayton and Brockville. These excavations were designed to provide a through channel not less than 450 ft. wide between Lake Ontario and Chimney Point.

27. All work proposed east of Oak Point was in Canadian territory and practically all work west of that point in United States territory.

28. Reports of advisory committees, subsequent to the publication of the joint board report, in both the United States and Canada, recommended a depth of 27 feet for this section of the St. Lawrence project.

29. In 1929 the Canadian Government undertook the excavation of channels east of Oak Point and also the removal of Haskell Shoal. In 1930 the United States Government undertook the excavation of channels west of Oak Point.

30. The work undertaken by Canada is designed to give a through channel, not less than 500 ft. wide and 27 ft. deep, and follows in almost all respects the alignment recommended in the 1926 joint board report. Its estimated cost is $471,000. The work undertaken by the United States is designed to give a channel not less than 450 feet wide and 27 feet deep at an estimated cost of $550,000. These works will provide an adequate deep waterway throughout the section.

The works described in the Thousand Island section, between Prescott and Clayton, are shown on plate 7.[2] This is in general accordance with the works shown on plates 10 to 16 inclusive, in appendix C of the report of Nov. 16th, 1926.

CONSTRUCTION PROGRAMME

31. Construction work in connection with project C–217 on the International Rapids section, requires the placing of 4,074,000 cu. yds. of concrete and the excavation of about 5,000,000 cu. yds. of solid rock and 90,000,000 cu. yds. of earth and other material. There is much preparatory and related work to be done in the construction of dams, locks, power houses, and in the unwatering of sites.

[2] Not printed.

32. Seven years is considered a reasonable construction period. Unforseen conditions might require a longer period. Latitude in the matter of preparing a programme should be vested in the authority in charge of construction.

United States Section	*Canadian Section*
H. B. FERGUSON, *Colonel, Corps of Engineers.*	D. W. MCLACHLAN.
EDWARD M. MARKHAM, *Colonel, Corps of Engineers.*	O. LEFEBVRE.
EUGENE REYBOLD, *Major, Corps of Engineers.*	C. H. MITCHELL.

MONTREAL, QUE., *April 9, 1932.*

Mr. HUDDLESTON. The committee will now hear Mr. Parker.

STATEMENT OF HON. JAMES S. PARKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. PARKER. I dislike to disagree with my colleague from New York (Mr. Snell), but he is one of the two or three members of Congress from New York that are in favor of the St. Lawrence Waterway, and this proposition resolves itself right back into the ratification of the treaty.

So far as this resolution itself is concerned, I am going to say very little about it, but this resolution is entirely based on the fact of the ratification of the treaty between Canada and the United States.

Now, if we pass this resolution, you all know it can be changed in the next Congress; New York State can change it the next time the legislature meets; it is privileged to do that.

So, the primary purpose of this resolution is simply this, the total expense to the Federal Government to build a canal from Duluth right to the ocean is $257,000,000. If you take out $89,000,000 or $90,000,000, New York is going to pay for the water power, it cuts it down to $168,000,000, which is easier to get ratified in the Senate of the United States than $257,000,000. That is the whole story.

Now, I yield to no one in my desire to do anything that will help New York State. I am a New Yorker and have lived there all of my life, and incidentally live in that northern section, but I believe this resolution, the sole purpose of the resolution, is to help the ratification of the St. Lawrence treaty.

Now, if you are for the St. Lawrence treaty, vote for this resolution. If you are against it, I do not believe I would help along the St. Lawrence treaty, because this will help it along by reducing the cost $89,000,000.

Now, let us go into the question just a little, of power. There is no question but what one of the greatest powers in the world is right there in what is called the St. Lawrence rapids, one of the greatest and most even powers. I mean, there is very little difference between different times of the year. It is practically the same power one season of the year as another, but it is up there in a cold country. You are going to have anchorage ice and you cannot help it. You gentlemen living in the South do not know what I mean by anchorage ice, but anybody living in the North knows what anchorage ice is. You get water that is just before it freezes. It is full of crystals and those crystals will slow up any generator that was ever made.

Mr. COSGROVE. May I ask a question?

Mr. PARKER. Certainly.

Mr. COSGROVE. Do you think that the power then over that ought to be surrendered?

Mr. PARKER. I do not think so, no, no; that was not my argument. My argument is entirely based on the fact that the one object of this resolution is to help the treaty. That is my argument. If we are going to have the power, if the treaty is going to be ratified, I am not against this ratification at all. That was not the argument I am making. I am simply making the argument that it is very much easier to have a treaty ratified by the Senate of the United States that carries $168,000,000 than one that carries $257,000,000, and that is the whole story, and all there is to it.

Mr. CROSSER. Will the gentleman yield?

Mr. PARKER. Certainly.

Mr. CROSSER. Do you not think, however, from the standpoint of this committee, and the House, it is very essential that we provide the best possible conditions for the United States, so far as the power is concerned, than to leave it open and maybe have it ratified without it?

Mr. PARKER. But, Mr. Crosser, the agreement has been made between the engineers, the Power Commission of the State of New York, and the Government engineers. If you want the treaty ratified, then pass this joint resolution.

Mr. CROSSER. What harm is there, is what I am trying to get at, in making a condition precedent as favorable to the people of the United States as possible?

Mr. PARKER. If you want the treaty ratified, it is entirely all right.

Mr. CROSSER. I am not asking that question. We do not have anything to do with ratification of treaties here.

Mr. PARKER. I grant you that.

Mr. CROSSER. We do have something to do with the development of this power.

Mr. PARKER. That is true; but you know perfectly well that the next Congress, in the next Congress, we may change this resolution if we want to.

Mr. CROSSER. Of course, but do you not think that it is desirable to have the conditions as favorable to the country as possible?

Mr. PARKER. No; I do not, until this treaty is ratified.

Mr. CROSSER. In other words, you think that they have reached the worst possible conclusion?

Mr. PARKER. I do not think that necessarily follows. I do not think they are attempting to reach bad conclusions. I do not think that the engineers are bad men.

Mr. CROSSER. I do not mean that.

Mr. PARKER. Neither do I think that our State commissioners are bad men either. They are both doing the best they can for the public interest, but my point is this, that if you take out $89,000,000 out of your appropriation, it is very much easier to ratify your treaty. I think that you will agree with that view.

Mr. COSGROVE. May I ask a question there?

Mr. PARKER. Certainly, with permission of the chairman.

The CHAIRMAN. We do not allow cross-examination of witnesses in this committee. I will let you make a statement, if Mr. Parker will yield.

Mr. PARKER. I will yield for a statement.

Mr. COSGROVE. It would seem to me it would be advantageous to this committee and the Congress to know before the treaty is ratified

by the Senate that the legal question as to the ownership of this power is first determined, secondly, that Congress should know and the United States Senate should know, before the treaty comes before it, in dollars and cents, how much they are going to commit the United States Government to in the event of the ratification of the treaty.

Mr. HUDDLESTON. I want to ask Mr. Cosgrove a question on that.

Just how will the passage of this bill settle the issue between the State of New York and the Federal Government as to who owns this power?

Mr. COSGROVE. Because this provides for it.

Mr. HUDDLESTON. But the power commission has no authority to cede away the rights of the State of New York.

Mr. COSGROVE. That is very true.

Mr. HUDDLESTON. That would require action of the legislature, and whether even the legislature can do that would depend upon the constitution of the State.

Mr. COSGROVE. This power commission is not ceding away any of the rights of the State of New York.

Mr. HUDDLESTON. You have said that it is desirable to settle that issue. Now, how would the passage of this act settle that issue?

Mr. COSGROVE. It is granted to the State of New York upon the payment of a certain amount.

Mr. HUDDLESTON. New York claims it and the Federal Government claims it.

Mr. COSGROVE. Yes, sir.

Mr. HUDDLESTON. This gives New York certain authority and rights.

Mr. COSGROVE. Yes, sir.

Mr. HUDDLESTON. Upon the payment of a certain sum.

Mr. COSGROVE. Right.

Mr. HUDDLESTON. But that does not foreclose the State of New York from claiming that they own it and have owned it all of the time, and that they are not acquiring anything through this action on the part of the Federal Government.

Mr. COSGROVE. There will be no question in controversy in the event that it passes.

Mr. HUDDLESTON. That is a prophesy.

Mr. COSGROVE. Well, Congressman, I can see no question.

Mr. HUDDLESTON. If the proper authority that could bind the State of New York dissents from what the power authority is trying to do, it certainly would not settle the issue.

Mr. COSGROVE. There can be no question but what Congress or the National Government has the power, has the paramount right to develop for navigation and commerce.

Now, so far as the power rights are concerned, while New York claims the power right, this resolution concedes that to New York upon the payment of a certain amount.

Mr. HUDDLESTON. Yes, but that does not settle any legal issues on this right.

Mr. COSGROVE. No. No judicial determination.

Mr. HUDDLESTON. Nor no determination by competent political authority.

Mr. LEA. Is it not the point that New York would not be interested in refuting its own rights?

Mr. COSGROVE. That is right.

Mr. HUDDLESTON. You are not paying this $89,000,000.

Mr. PARKER. Do you hold that the next Congress can not rescind this resolution?

Mr. COSGROVE. I think it can.

Mr. PARKER. Certainly; and it is a fact that the legislature of New York can rescind your power and your action in connection with it.

Mr. COSGROVE. It certainly can.

Mr. PARKER. It certainly can.

In other words, until your treaty is ratified, you can do nothing definite, can you. That is really definite. Your action is entirely dependent upon the action of Congress and the action of the legislature, and the Governor of New York State.

Mr. COSGROVE. Of course, the river cannot be developed until the treaty is ratified.

Mr. PARKER. That is perfectly true.

Mr. COSGROVE. It cannot be done until this is approved. This is simply one step, and it is a logical step.

Mr. PARKER. This, perhaps, is not a fair question: But is not the real object the ratification of the treaty in the Senate?

Mr. COSGROVE. I would not say that is the real object.

Mr. PARKER. Is that not one of the objects?

I do not want to be disagreeable. If you do not want to answer, I will not force the question.

Mr. COSGROVE. I would say this is the first logical step to take.

Mr. PARKER. Yes.

Mr. COSGROVE. That is my answer.

Mr. PARKER. But, logical step means the logical step in influencing the Senate of the United States to act upon this treaty by the reduction of the cost of the Federal Government of $89,000,000.

Mr. COSGROVE. That is not the motive at all.

Mr. PARKER. I was not attributing any ulterior motives to you at all, Mr. Cosgrove. You believe in the ratification of the treaty; I do not. So, we have got an honest difference of opinion. I do not accuse you of any ulterior motive at all. You, and when I say you, I mean the people whom you are representing, are doing the best you know how to get the treaty ratified.

I, personally, can have very little to say about the treaty not being ratified, because I do not happen to be a Member of the Senate, but you know and I know that the vast majority of the people of New York State today are diametrically opposed to this in New York——

Mr. COSGROVE. I do not believe any such thing, and I believe entirely different, because this law which created the Power Authority of the State of New York was passed by every Republican in the legislature.

Mr. PARKER. Yes.

Mr. COSGROVE. By every Democrat in the legislature.

Mr. PARKER. Yes.

Mr. COSGROVE. Was enacted into law, and furthermore, under the terms of that statute, it directs the Power Authority of the State of New York to confer with Congress and with Canada for the purpose of developing this river, for two purposes, navigation and power, and so, when you assert that the great majority of the people of the State of New York are opposed to this, I say that under the law passed unanimously, by the State of New York, they directed this power

authority to develop this river in conjunction with the United States Government and Canada, and it cannot be developed, in my judgment, in any other way than having a treaty which you say you are opposed to.

Mr. PARKER. I am, and I cannot see how anybody—I am going to be perfectly frank, just as frank as you—I cannot see how anybody interested, in Boston, New York, Philadelphia, Baltimore, Norfolk, nor any of the Southern ports, any of them, can be for that treaty, and I would go right on down through the Gulf. I cannot see how any of you can be for it, from an entirely selfish point of view. It is going to hurt the commerce of every single one of those ports, and I will be perfectly frank to say, the reason that I am opposed to it is because it is going to hurt the port of New York.

Mr. COSGROVE. Would you not go up to Albany?

Mr. PARKER. Yes. I live above Albany.

Mr. COSGROVE. And say the port of Albany?

Mr. PARKER. It will hurt the port of Albany and the port of New York.

Mr. COSGROVE. How much has Albany gotten from the United States Government for the development of its port?

Mr. PARKER. That is perfectly true. My district is just across the river.

Mr. COSGROVE. I know where your district is.

Mr. PARKER. But, there is no question, gentlemen, but what one of the main objects of this resolution is to advance the treaty in the Senate.

I thank you.

Mr. HUDDLESTON. Have you any idea what would be the cost of doing this rapids work without any power development idea?

Mr. COSGROVE. I think that I can furnish that here.

Mr. HUDDLESTON. The cost to our Government.

Mr. COSGROVE. I have that somewhere. I can furnish those figures if I can not give them to you here now.

Mr. HUDDLESTON. Would it be very much less than the cost to develop it with developing the power?

Mr. COSGROVE. I think that I can give you those figures. It may be that someone here can give them to you.

Mr. Hickerson, can you give those figures?

Mr. HICKERSON. I can not give the exact figures, but as I recollect it, the cost of developing, not this plan of navigation, but a navigation project, from Lake Ontario to Montreal, would be approximately $81,000,000.

Mr. HUDDLESTON. Without the power?

Mr. HICKERSON. Yes. That would be navigation by means of canals around the rapids; navigation, and not navigation in the broad pools. It would be a navigation that would be inferior to the navigation which is proposed in this project, which provides for the creation of great big pools which the ships can move through more easily and more expeditiously than they could if they were confined to the channels of long canals. But that is not a navigation that would in any sense be comparable with this.

Mr. HUDDLESTON. That is the share of the Federal Government?

Mr. HICKERSON. That is the entire cost.

Mr. HUDDLESTON. To both Canada and the United States?

Mr. HICKERSON. That is correct.

Mr. HUDDLESTON. As compared to——

Mr. HICKERSON (interposing). No, you are including there things that are not comparable.

Mr. HUDDLESTON. What?

Mr. HICKERSON. The whole project costs $543,000,000. That includes the Welland Canal and the entire thing.

Now, the comparable figures, I cannot give that offhand, sir.

Mr. HUDDLESTON. Does anyone have those?

Mr. PARKER. $168,000,000. That is the total cost for developing the power on both sides of the river.

Mr. HUDDLESTON. The total cost for both navigation and power.

Mr. PARKER. No; that, Mr. Huddleston, I cannot give.

Mr. HICKERSON. I could figure that out, sir, but I cannot give it to you now.

Mr. HUDDLESTON. What I want to find out is how much we are spending on this project for power purposes and what we are getting back from the State of New York for that expenditure.

It seems, from what you said, just making a guess at it, that there must be about half of this expenditure in the interest of power, which is not realized upon.

Mr. MANLY. That is not true, Mr. Huddleston, if you will take into account the comparable development. Now, you can dig canals along the side of the river for $78,000,000, but that is not a navigation project which is at all comparable with the navigation which will be provided through these deep pools, 27-foot channels, in which the ships can move under their own power.

Mr. HUDDLESTON. It is not?

Mr. MANLY. No.

Mr. HUDDLESTON. Why?

Mr. PARKER. I think that I can answer that definitely, Mr. Huddleston. The memorandum I have says that it will cost $274,000,000 for development, navigation, and power, and $168,000,000 is for power. I think that is fair.

Mr. HICKERSON. I do not believe that those figures are exactly the figures Congressman Huddleston has in mind.

Mr. PARKER. I mean, that is the rapids; that is the rapids.

Mr. HUDDLESTON. In order to know whether we are making a good trade, we ought to know how much Federal funds we are spending for power purposes, from which we realize no navigation benefits. It is not possible to make an intelligent appraisal of what we are doing unless we have those facts.

Now, I assume Mr. Cosgrove thinks he has made a good trade for New York State.

Mr. COSGROVE. I think we have made a fair trade on both sides. I think it is equitable.

Mr. HUDDLESTON. I was wondering what this power was worth. You are going to have 720,000 firm horsepower, firm, no secondary power, to take into consideration, on that stream.

Mr. COSGROVE. No.

Mr. HUDDLESTON. What is the value of it?

Mr. COSGROVE. What we are directed to do with this power is to sell it to the people that use it, principally domestic and rural consumers, at cost. The Power Authority is making nothing out of it.

Mr. HUDDLESTON. That is immaterial. What I want to know is, what the power is worth.

Mr. COSGROVE. Well, I do not believe I am competent to tell you that. What it is worth this year would be less than what it was worth in 1929.

Mr. HUDDLESTON. I understand; but it has some value, some value. Some estimate could be made on it.

Mr. COSGROVE. Yes.

Mr. HUDDLESTON. Firm power is being sold in Niagra Falls for something like $25.

Mr. COSGROVE. Yes.

Mr. HUDDLESTON. But, probably that should be called given away, instead of sold.

I am under the impression that from $30 to $50 per firm horsepower would not be an unreasonable price, so that we can in that way, assuming that the Federal Government owns this power, we can figure out what the loss of the Federal Government is.

Mr. PARKER. Mr. Chairman, I think that Mr. Cosgrove should develop that on the New York side, the cost for horsepower is about $9.11. I think it is about that.

Mr. HUDDLESTON. That is the cost.

Mr. PARKER. That is the cost of making it. I do not mean that that is the cost for building dams to produce it, or anything of that kind, but $9.11 is the cost of making it; between 9 and 10.

Mr. OLDS. It is between 9 and 10 dollars per horsepower, not including the operating cost and overhead.

Mr. HUDDLESTON. Of course, the cost of installation varies immensely, according to the locality and the topography of the section. At Niagara Falls it costs very much less, because no works, except of a very minor nature, are necessary there.

I remember that the Aluminum Co. originally had a contract for $8. They bought power at Niagara Falls for $8, at the beginning. You cannot say that it cost so much to produce, because that depends entirely on where it is produced, and the constancy of it, and a thousand and one factors. But, the power has a value. Everybody knows that. The value may fluctuate within certain limits, whatever it is. I would believe that that would be controlling, in considering whether the Government has made a good trade in this matter, and whether we ought to ratify.

Mr. MANLY. Mr. Huddleston, I can give you definite figures on that point for comparison. The Aluminum Co., at its plant at Messena, which is at the foot of the Falls, is purchasing power under a long-term contract, at least 20 years—I have forgotten the duration of the contract—for $15, delivered to it at its plant from the Canadian company which operates at the Cedars, about 40 or 50 miles away. Fifteen dollars a horsepower is the price in that section.

The Hydro Commission has recently entered into a contract, which is being very seriously criticised because of its purchase of power at Beau Harnois, at $15 a horsepower. Fifteen dollars a horsepower is the going rate for commercial power in that district.

Mr. HUDDLESTON. That is all I wanted to ask.

The CHAIRMAN. We are very much obliged to you gentlemen. The committee will now hold a short executive session.

(Thereupon, the committee proceeded to the consideration of other business, after which it adjourned.)

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